April 30, 1999

Prospective Offerors,

The Internal Revenue Service (IRS) is continuing its approach to an Electronic Tax Administration (ETA) partnership with industry for alternative payment pilots. This partnership began in 1998 when three alternative payments pilots were established for Filing Season 1999 (Tax Year 1998) to assess the acceptance of electronic payment methods by individual taxpayers. These pilots allowed taxpayers to pay the balance due on their 1998 Form 1040 by authorizing a direct debit from a checking or savings account via a personal computer or an authorized e-file provider; by credit card using a touch-tone phone; or by credit card through an integrated filing and paying solution. These pilots were made possible by the Taxpayer Relief Act (TRA) of 1997, which authorized the acceptance of tax payments via any commercially acceptable means**.**

As a result, the IRS is again offering partnerships for pilots to begin in Filing Season 2000 or in 2001 with options to extend the contracts. This draft Request For Proposals (RFP) is being released as a first step. We are inviting interested parties to comment on a draft of the solicitation for contract proposals that we will be issuing at a later time. The target date for the release of the final RFP is May 18, 1999. There will be an opportunity for prospective offerors to ask questions and attend a pre-proposal conference after the final RFP is issued; however, we seriously encourage you to review this draft and give us questions and comments now that we can consider in completing the final RFP.

Please submit your questions and comments in writing to me as soon as possible. See my e-mail address and telefacsimile number on the page that follows and my regular mailing address below. All questions and comments that I receive by May 14, 1999, will be reviewed before the final RFP is released. The IRS will not reply to each and every question and comment received on this draft, but each will be considered.

My regular mailing address is: Internal Revenue Service, 6009 Oxon Hill Road, Suite 700, M:P:I:D, Oxon Hill, MD 20745.

You may call me on (202) 283-1411 for additional information to facilitate submitting your questions or comments on this draft RFP.

Thank you for your interest and we look forward to receiving your questions and comments, and ultimately, your proposals for conducting alternative payment pilots beginning either with Filing Season 2000 or Filing Season 2001.

Sincerely,

Jeffrey P. Petrino
Contracting Officer

Attachment

DRAFT REQUEST FOR PROPOSALS (DRFP)
for the
ELECTRONIC TAX ADMINISTRATION (ETA)
PILOT OF ALTERNATIVE PAYMENT METHODS FOR INDIVIDUAL INCOME TAX RETURNS

Solicitation #: TIRNO-99-R-00035 DRAFT
Issued: April 30, 1999
Questions/Comments Due: May 14, 1999
E-mail jeffrey.petrino@ccmail.irs.gov,
or telefax on (202) 283-1534

SECTION B - CONTRACT PRICING

B.1 CONTRACT TYPE

This is a FIRM FIXED PRICE CONTRACT for the requirements identified and described in Section C - Contract Terms and Conditions.

B.2 CONTRACT PRICING

CONTRACT LINE ITEM NUMBERS (CLINs) (SF 1449, BLOCKS 19-24)

CLIN	**DESCRIPTION**	**FIRM FIXED PRICE**
1001	ETA ALTERNATIVE PAYMENT METHODS PILOT CONTRACT BASE PERIOD OF PERFORMANCE FOR FILING SEASON 2000	$0
1002	ETA ALTERNATIVE PAYMENT METHODS PILOT CONTRACT OPTION 1 PERIOD OF PERFORMANCE FOR FILING SEASON 2001	$0
1002	ETA ALTERNATIVE PAYMENT METHODS PILOT CONTRACT OPTION 2 PERIOD OF PERFORMANCE FOR FILING SEASON 2002	$0
	TOTAL CONTRACT PRICE	$0

B.1 CONTRACT TYPE

This is a FIRM FIXED PRICE CONTRACT for the requirements identified and described in Section C - Contract Terms and Conditions.

B.2 CONTRACT PRICING

CONTRACT LINE ITEM NUMBERS (CLINs) (SF 1449, BLOCKS 19-24)

CLIN	DESCRIPTION	FIRM FIXED PRICE
1001	ETA ALTERNATIVE PAYMENT METHODS PILOT CONTRACT BASE PERIOD OF PERFORMANCE FOR FILING SEASON 2001	$0
1002	ETA ALTERNATIVE PAYMENT METHODS PILOT CONTRACT OPTION 1 PERIOD OF PERFORMANCE FOR FILING SEASON 2002	$0
	TOTAL CONTRACT PRICE	$0

SECTION C - CONTRACT TERMS AND CONDITIONS

SECTION C - CONTRACT TERMS AND CONDITIONS

C.1   STATEMENT OF WORK

C.1.1 INTRODUCTION

The Internal Revenue Service (IRS) is the largest processor of information in the world, processing more than two billion transactions annually. These transactions include receiving and processing tax-related data, including individual and business income tax returns, information returns and payments. While some of these transactions are electronic, the IRS still devotes significant resources to convert much of the data provided by its information exchange partners into an electronically-processable format.

The mission of IRS' Electronic Tax Administration (ETA) is to revolutionize how taxpayers transact and communicate with the IRS.   ETA represents the two-way electronic exchange of information that the IRS has with individual taxpayers, taxpayer representatives, tax practitioners, financial institutions and other government entities. ETA provides the mechanism for taxpayers, preparers and practitioners, payers, and other information exchange partners to file returns, make payments, exchange correspondence and retrieve forms, publications and other information from the IRS with a minimum reliance on paper.

In an effort to move the majority of all tax administration transactions to electronic media, that is, revolutionizing how taxpayers transact and communicate with the IRS, ETA has developed the following seven key strategies:

1.   Making electronic filing, payment and communication so simple, inexpensive, and trusted that taxpayers will prefer these to calling and mailing;
2.   Providing additional taxpayers access methods to electronic filing, payment, communication products and services;
3.   Aggressively protecting transaction integrity and quality;
4.   Substantially reducing electronic filing per return processing costs;
5.   Delivering the highest quality products and services as promised;
6.   Seeking the best people, ideas and partners to assure our success; and
7.   Creating a work environment where employees are skilled, informed and empowered to succeed.

A goal of the IRS is to electronically receive 80 percent of the 120 million individual tax

returns filed each year. One area that ETA believes has not been penetrated is the balance due filer population. Below are tax year 1999 projections for the Form 1040 series, 4868 and 1040ES:

RETURN PROJECTIONS FOR TAX YEAR 1999 (Filing Season 2000)			
Return Type	**Total Volume**	**Electronic Volume**	**FY 98 Average Dollar Amount**
Form 1040	128,049,000	32,452,900	$ 4,318
Form 1040 - Estimated Taxes (1040ES)	41,353,100	0*	$ 3,915
Form 4868 – Extension to File	8,293,300	25,000	$ 24,898

* The projected volume of electronic Form 1040ES for Year 2000 will be determined at a later date.

As of April 23, 1999, the IRS received a total of 111.5 million tax year 1998 returns. Of that total, the IRS received 29.0 million electronically. The IRS received approximately 1.5 million balance due returns which was a 28% increase over last year's total amount.

To accomplish its electronic filing goal, the IRS must overcome the barriers deterring taxpayers from using current electronic products and partner with private industry to develop products that will encourage taxpayers to file and pay using electronic means. IRS wants to provide individual taxpayers with more ways to electronically file and pay balance due returns and other forms and payments. An objective is to communicate that electronic payments are a value added feature of electronically filing and to simplify electronic payments in such a way as to encourage taxpayers to explore other opportunities for electronic exchanges with the IRS.

In 1999, three alternative payments pilots were implemented to assess the acceptance of electronic payment methods by individual taxpayers. These pilots allow taxpayers to pay the balance due on their 1998 Form 1040 by authorizing a direct debit from a checking or savings account via a personal computer or an authorized e-file provider; by credit card using a touch-tone phone; or by credit card through an integrated filing and paying solution. These pilots were made possible by the Taxpayer Relief Act (TRA) of 1997, which authorized the acceptance of tax payments via any commercially

acceptable means**.** The pilots include a *pay by phone* credit card pilot available through U S Audiotex, LLC under Agreement No. IR-99-03; an integrated *file and pay* credit card pilot available through Novus Services, Inc. under Contract No. TIRNO-98-C-00034; and a direct debit pilot which is available through all authorized IRS *e-file* providers and commercial tax preparation software.

The purpose of this RFP is to realize the sixth strategy stated above, that is, seeking the best people, ideas and partners to assure our success with respect to the other strategies listed above and in accomplishing the ETA mission. The IRS is looking for the best solutions to converting paper remittances to electronic payments. Specifically, the objective of this solicitation is to tap the creativity of the private and public sector to identify and pilot approaches to move individual balance due returns and other individual tax forms, along with related payments, to primarily electronic transactions.

C.1.2 SCOPE

This RFP will focus on expanding the use of electronic payment methods to collect tax payments and encouraging taxpayers to use electronic media to file balance due returns and other individual tax forms. IRS is seeking to expand the alternative payments initiative through additional partnerships with private industry, and is interested in awarding contracts that will increase the number of electronically filed individual balance due returns and other individual taxpayer forms and related payments. We are looking for ways to build upon and expand this initiative to improve service for the 5% of the balance due filers who are filing electronically and to attract others to the program. Expansion may include, but is not limited to, additional ways to accept credit card and direct debit payments for 1040 series forms, and other balance due tax forms and payment types (payments with extensions of time to file a tax return, estimated taxes, and possibly others). Solutions are also sought that will motivate individuals and practitioners who currently transact business with IRS using electronic means to file and paper-based means to pay to convert to electronic filing and paying methods for individual balance due returns and other tax forms.

The Government may award one or more non-monetary, zero dollar fixed priced contracts[1] for filing season 2000 (tax year 1999) or filing season 2001 (tax year 2000) with options to extend the contract period of performance. These contracts will be for pilots of alternative electronic payment methods for individual federal income tax. Contracts awarded for filing season 2000 must not require any changes in existing IRS

or Treasury Financial Agents' information systems.

This is a Acommercial item @ acquisition, as that term is defined in the Federal Acquisition Regulations (FAR) 2.101. Therefore, the IRS is seeking proposed solutions that are based upon commercial products and proven approaches. A brief examination of this definition demonstrates that "commercial item @ includes commercial products with minor modifications, installation and other services such as integration which support commercial items, and combinations of products and services. Also, services offered and sold based on established catalog or market prices are included as are nondevelopmental items sold competitively to multiple State and local governments.   The FAR definition of Acommercial item @ can be found in Attachment 1.

C.1.3 CONTRACT REQUIREMENTS

(a) Contractors whose solutions include credit card payments shall comply with the Electronic Federal Tax Payment System (EFTPS) Credit Card Bulk Filer Requirements [Attachment 2] and Payment by Credit Card and Debit Card Temporary Regulation, (Section 6311 of the Internal Revenue Code (IRC)) [Attachment 3].

(b) Electronic returns shall adhere to the policies and procedures described in the version of the following publications for the tax year corresponding to the filing period of the pilot:

1.   Handbook for Electronic Filers of Individual Income Tax Returns, Publication 1345;
2.   Electronic Return File Specifications and Record layouts for Individual Income Tax Returns, Publication 1346;
3.   On-Line Filing Program: 1040, Revenue Procedure 98-51.

Note: These publications are available on the IRS web site at http://www.irs.ustreas.gov/prod/elec_svs/e-pubs.html.

(c) The required data fields for each tax payment include:

1.   The primary taxpayer's identification number (social security number as shown on the tax return of the year for which the payment applies).
2.   The first four characters of the last name of the primary taxpayer.
3.   The payment type.
4.   The tax period (six character date field)

5.   The payment amount.
6.   The payment date (or credit authorization date).
7.   Daytime telephone number
8.   Unique identification number (such as declaration control number, confirmation number, etc.)
9.   Bank account number, if applicable.

C.1.4 DELIVERABLES

The Contractor shall submit the following deliverables in accordance with the schedule outlined in Section C.1.6:

C.1.4.1 PILOT FINDINGS REPORT

The Contractor shall provide a pilot findings report. A copy of the report shall be provided to the IRS Contracting Officer (CO)(one copy), the Contracting Officer=s Technical Representative (COTR) (one copy), and the IRS Program Manager (three copies). The report shall describe:

1.   the pilot features,
2.   the conduct and findings of the pilot (including a summary of all payment transactions, any problems, changes made during the pilot, lessons learned, and recommendations for improvement),
3.   practitioner and/or client feedback including customer satisfaction survey results, and
4.   recommendations for extended pilot options and resulting or required IRS system/procedural changes.

C.1.4.2 MONTHLY STATUS REPORT

The Contractor shall provide monthly status reports on the 10th day of each month through the implementation date of the pilot. The report shall cover the overall progress of the pilot's development. Copies of the report shall be provided to the IRS Contracting Officer (CO) (one copy) and the Contracting Officer's Technical Representative (COTR) (one copy) and the IRS Program Manager (one copy). The report shall contain the following information:

1.   date of report,
2.   project manager name,
3.   project manager telephone number, fax number and e-mail address,

4.   a brief description of the work accomplished, emphasizing the progress made since the last reporting period,

5.   a description of any unresolved and/or anticipated problems, if any (include schedule impacts),

6.   an estimate of the percent of work accomplished to date; and

7.   a statement on the status of the pilot as it relates to the work breakdown schedule, either confirming that the task is on schedule or explaining the nature and extent of the pending delay.

C.1.4.3 RECURRING TRANSACTION REPORTS

The Contractor shall provide daily and cumulative monthly transaction reports. The reports shall cover the post-implementation progress of the pilot. Daily reports shall be provided no later than 9:00 am Eastern Time and should include all prior day transactions and cumulative volumes. Monthly reports shall be provided by the 10th day of each month and include all prior month transactions and reconcile any adjustments made during that month. Copies of the reports shall be provided to the IRS Contracting Officer (CO)(one copy), the Contracting Officer's Technical Representative (COTR) (one copy) and the Program Manager (one copy) or his/her designee. The report shall contain the following information:

1.   date of report,
2.   period covered,
3.   total number of transactions,
4.   dollar amount of transactions,
5.   total number of payment attempts,
6.   total number of successful attempts,
7.   dollar amount of successful attempts,
8.   average payment amount,
9.   total number of failed attempts,
10.   dollar amount of failed attempts,
11.   reasons for failed attempts, and
12.   payment method and type.

C.1.4.4 ADDITIONAL DELIVERABLES

The Contractor shall complete and deliver the following additional items:

1.   Work breakdown Schedule (WBS) covering the systems development cycle.
2.   Workflow schematic (diagram of processes and their sequences).
3.   Bulk Filer Certification (as described in the Implementation Guide for EFTPS Bulk Filer), where applicable [Attachment 2].
4.   Independent, internal feature testing.
5.   Integrated readiness testing with IRS and Treasury Financial Agents' systems (includes testing with simulated payment data on test systems and production systems).
6.   Marketing Plan (description of marketing products and/or vehicles, targeted audience and distribution timeline). IRS may identify participating partners in its information materials or products.
7.   Post implementation review (includes production monitoring and reporting).
8.   Pilot findings report.

C.1.5 PILOT SUCCESS DETERMINATION.

The Contractor shall conduct a customer satisfaction survey for a select number of taxpayers participating in the pilot. The contractor will provide the results of the survey in their Pilot Findings Report (see C.1.4.1)

Based on the results of the findings obtained in the Contractor's survey, any survey conducted by the Government, and the Contractor's Findings Report, the IRS will determine whether it will exercise an option to extend the term of the contract and negotiate any changes for the contract option period.

C.1.6 SCHEDULE OF PERFORMANCE

Responsible Party	Event	Contract Base Period/Filing Season 2000	Contract Bas Period/Filing Season 2001
IRS	Contract Award	August 18, 1999	January 15, 2
Contractor	Submit WBS, Workflow Schematics and Marketing Plan	September 30, 1999	May 1, 2000
Contractor	Begin internal feature testing.	October 15, 1999	August 1, 20
Contractor	Bulk Filer certification and testing	November 15, 1999	November 15
Contractor	Complete integrated readiness testing. All pilot participants complete suitability, participants acceptance testing, and communications testing as required in the applicable IRS publication (Publication 1345, (Form 1040)).	December 15, 1999	December 15
Contractor	Complete internal feature testing	December 30, 1999	December 29
Contractor	Begin Pilot	January 14, 2000	January 12, 2
Contractor	Pilot Concludes	April 15, 2000	April 17, 2001
Contractor	Pilot Findings Report	June 1, 2000	June 1, 2001

| IRS | Review Pilot Findings Report, decide on expansion and negotiate required changes for option year | June 30, 2000 | June 29, 001 |
| IRS | Exercise option | June 30, 2000 | June 29, 200 |

Notes:
1)   Filing season 2001 and 2002 event and deliverable dates are subject to change based on t method and payment type(s) proposed.
2)   The beginning date for pilots that include 1040 balance due payments will be consistent wit season start date.
3)   Filing season pilots may extend beyond April of each year. If this occurs, a supplemental p required that includes summary data from the initial pilot findings report and activity from Ap the pilot. The supplemental report shall be completed no later than 30 days after the pilot e
4)   Contract award and bulk filer certification events apply only to the base year period of any c
5)   Contract option period commencement dates will be dependent on whether any IRS or Trea system or procedural changes are necessary for the particular filing season. The dates abo 2001 are for: (a) contracts awarded as a result of proposals received on September 17, 19 or procedural changes and (b) possible supplemental agreements to contracts awarded as received on June 18, 1999, if contractors' proposals are accepted that require system or pr The option period for Filing season 2001 that is included in contracts awarded on August 1 commence on June 30, 2000 if no significant system or procedural changes are required.

C.2 CONTRACT TERMS AND CONDITIONS -- COMMERCIAL ITEMS FAR 52.212-4 (APR 1998) (TAILORED)

(a) Inspection/Acceptance. The Contractor shall only tender for acceptance those items that conform to the requirements of this contract. The Government reserves the right to inspect or test any supplies or services that have been tendered for acceptance. The Government may require repair or replacement of nonconforming supplies or performance of nonconforming services at no increase in contract price. The Government must exercise its post acceptance rights--

　　(1) Within a reasonable time after the defect was discovered or should have been discovered; and

　　(2) Before any substantial change occurs in the condition of the item, unless the change is due to the defect in the item.

(b) Changes. Changes in the terms and conditions of this contract may be made only by written agreement of the parties.

(c) Disputes. This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613). Failure of the parties to this contract to reach agreement on any request for equitable adjustment, claim, appeal or action arising under or relating to this contract shall be a dispute to be resolved in accordance with the clause at FAR 52.233-1, Disputes, which is incorporated herein by reference. The Contractor shall proceed diligently with performance of this contract, pending final resolution of any dispute arising under the contract.

(d) Definitions. The clause at FAR 52.202-1, Definitions, is incorporated herein by reference.

(e) Excusable delays. The Contractor shall be liable for default unless nonperformance is caused by an occurrence beyond the reasonable control of the Contractor and without its fault or negligence such as, acts of God or the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, unusually severe weather, and delays of common carriers. The Contractor shall notify the Contracting Officer in writing as soon as it is reasonably possible after the commencement of any excusable delay, setting forth the full particulars in connection therewith, shall remedy such occurrence with all reasonable dispatch, and shall promptly give written notice to the Contracting Officer of the cessation of such occurrence.

(f) Patent indemnity. The Contractor shall indemnify the Government and its officers, employees and agents against liability, including costs, for actual or alleged direct or contributory infringement of, or inducement to infringe, any United States or foreign patent, trademark or copyright, arising out of the performance of this contract, provided the Contractor is reasonably notified of such claims and proceedings.

(g) No fee or consideration. The Contractor and the Government mutually agree that all work will be done at no cost to the Government. This agreement will be in conformance with the Taxpayer Relief Act of 1997 codified by Internal Revenue Code 6311(d)(2) namely, "the Secretary is authorized to enter into contracts to obtain services related to receiving payment by other means where cost beneficial to the government. The Secretary may not provide any fee or provide any other consideration under such contracts".

(h) Risk of loss. Unless the contract specifically provides otherwise, risk of loss or damage to the supplies provided under this contract shall remain with the Contractor until, and shall pass to the Government upon:

(1) Delivery of the supplies to a carrier, if transportation is f.o.b. origin; or

(2) Delivery of the supplies to the Government at the destination specified in the contract, if transportation is f.o.b. destination.

(i) Termination for the Government's Convenience. The Government reserves the right to terminate this contract, or any part hereof, for its sole convenience. In the event of such termination, the Contractor shall immediately stop all work hereunder and shall immediately cause any and all of its suppliers and subcontractors to cease work. Because the parties to the contract have mutually agreed that all work performed will be at no cost to the Government, the Contractor will not be paid for any costs of contract performance as a result of the termination for the Government's convenience. However, in the event of such termination, the Contractor shall be paid reasonable charges related to such termination that the Contractor can demonstrate to the satisfaction of the Government using its standard record keeping system, have resulted from this termination. Such charges include accounting, legal, news releases (see C.10, Public Release of Information), and similar costs reasonably necessary for settling the termination of the prime contract and all subcontracts, and other costs reasonably necessary for stopping work. Such charges are not considered "fee" or "any other consideration@ within the meaning of the Taxpayer Relief Act of 1997.   The

Contractor shall not be required to comply with the cost accounting standards or contract cost principles for this purpose. This paragraph does not give the Government any right to audit the Contractor's records. The Contractor shall not be paid for any costs incurred which reasonably could have been avoided.

(j) Termination for cause. The Government may terminate this contract, or any part hereof, for cause in the event of any default by the Contractor, or if the Contractor fails to comply with any contract terms and conditions, or fails to provide the Government, upon request, with adequate assurances of future performance. In the event of termination for cause, the Government shall not be liable to the Contractor for any amount for supplies or services not accepted, and the Contractor shall be liable to the Government for any and all rights and remedies provided by law. If it is determined that the Government improperly terminated this contract for default, such termination shall be deemed a termination for convenience.

(k) Title. Unless specified elsewhere in this contract, title to items furnished under this contract shall pass to the Government upon acceptance, regardless of when or where the Government takes physical possession.

(l) Warranty. The Contractor warrants and implies that the items delivered hereunder are merchantable and fit for use for the particular purpose described in this contract.

(m) Limitation of liability. Except as otherwise provided by an express or implied warranty, the Contractor will not be liable to the Government for consequential damages resulting from any defect or deficiencies in accepted items.

(n) Other compliances. The Contractor shall comply with all applicable Federal, State and local laws, executive orders, rules and regulations applicable to its performance under this contract.

(o) Compliance with laws unique to Government contracts. The Contractor agrees to comply with 31 U.S.C. 1352 relating to limitations on the use of appropriated funds to influence certain Federal contracts; 18 U.S.C. 431 relating to officials not to benefit; 40 U.S.C 327, et seq., Contract Work Hours and Safety Standards Act; 41 U.S.C. 51-58, Anti-Kickback Act of 1986; 41 U.S.C. 265 and 10 U.S.C. 2409 relating to whistle blower protections; 49 U.S.C 40118, Fly American; and 41 U.S.C. 423 relating to procurement integrity.

(q) Order of precedence. Any inconsistencies in this solicitation or contract

shall be resolved by giving precedence in the following order:

(1) Disputes, Other Compliances and Compliance with Laws Unique to Government Contracts paragraphs of this clause.
(2) The clause at 52.212-5.
(3) Addenda to this solicitation or contract, including any license agreements for computer software.
(4) Solicitation provisions if this is a solicitation.
(5) Other paragraphs of this clause.
(6) The Standard Form 1449.
(7) Other documents, exhibits, and attachments.
(8) The statement of work.

(End of clause)

C.3 AUTHORITY - CONTRACTING OFFICER, CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE AND CONTRACTOR'S PROJECT MANAGER

C.3.1 CONTRACTING OFFICER

A Contracting Officer will be designated for each contract awarded under this solicitation. The name and telephone number will be provided at contract award.

The Contracting Officer, in accordance with Subpart 1.6 of the Federal Acquisition Regulation, is the only person authorized to make or approve any changes in any of the requirements of this contract, and notwithstanding any clauses contained elsewhere in this contract, the said authority remains solely with the Contracting Officer. In the event the Contractor makes any changes at the direction of any person other than the Contracting Officer, the change will be considered to have been made without authority and no adjustment will be made in the contract price to cover any cost incurred as a result thereof.

C.3.2 CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE

A Contracting Officer's Technical Representative (COTR) will be designated for each contract awarded under this solicitation. The name and telephone number will be provided at contract award.

The COTR will represent the Contracting Officer in the administration of technical details within the scope of this contract. The COTR is also responsible for the final

inspection and acceptance of all reports, and such other responsibilities as may be specified in the contract. The COTR is not otherwise authorized to make any representations or commitments of any kind on behalf of the Contracting Officer or the Government.

The COTR does not have authority to alter the Contractor's obligations or to change the contract specifications, price, terms or conditions. If, as a result of technical discussions, it is desirable to modify contract obligations or the statement of work, changes will be issued in writing and signed by the Contracting Officer.

The COTR assignment for this contract may be changed at any time by the Government without prior notice to the Contractor. The Contractor will be notified of the change.

C.3.3 PROJECT MANAGER

The Contractor's designated Project Manager for this contract is to be named by the Contractor.

The Contractor shall provide a Project Manager for this contract who shall have the authority to make any no-cost contract, technical, hiring and dismissal decisions, or special arrangements regarding this contract. The Project Manager shall be responsible for the overall management and coordination of this contract and shall act as the central point of contact with the Government. The Project Manager shall have full authority to act for the Contractor in the performance of the required services. The Project Manager, or a designated representative, shall meet with the COTR to discuss problem areas as they occur. The Project Manager shall respond within four work hours after notification of the existence of a problem. The Project Manager shall be able to fluently read, write, and speak the English language.

C.4 CONTRACT CORRESPONDENCE

Notwithstanding the Contractor's responsibility for total management during the performance of this contract, the administration of the contract will require maximum coordination between the Government and the Contractor. To promote timely and effective administration, all correspondence pertaining to contractual or administrative matters under the contract shall be addressed to the assigned Administrative Contracting Officer.

C.5 DISCLOSURE OF INFORMATION-SAFEGUARDS (JANUARY 1998) (IRSAP

1052.224-9000)

In performance of this contract, the contractor agrees to comply and assume responsibility for compliance by his/her employees with the following requirements:

(1)   All work shall be performed under the supervision of the contractor or the contractor's responsible employees.

(2)   Any return or return information made available shall be used only for the purpose of carrying out the provisions of this contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract. Inspection by or disclosure to anyone other than an officer or employee of the contractor shall require prior written approval of the Internal Revenue Service. Requests to make such inspections or disclosures should be addressed to the IRS Contracting Officer.

(3)   Should a person (contractor or subcontractor) or one of his/her employees make any unauthorized inspection(s) or disclosure(s) of confidential tax information, the terms of the Default clause (FAR 52.2498), incorporated herein by reference, may be invoked, and the person (contractor or subcontractor) will be considered to be in breach of this contract.

C.6 DISCLOSURE OF "OFFICIAL USE ONLY" INFORMATION SAFEGUARDS (IRSAP 1052.224-70(D) (DECEMBER 1988)

Any Treasury Department information made available or to which access is provided, and which is marked or should be marked "Official Use Only", shall be used only for the purpose of carrying out the provisions of this contract and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract. Disclosure to anyone other than an officer or employee of the contractor or subcontractor at any tier shall require prior written approval of the IRS. Requests to make such disclosure should be addressed to the IRS Contracting Officer.

C.7 DISCLOSURE OF INFORMATION--CRIMINAL/CIVIL SANCTIONS (IRSAP 1052.224-71(a) (DECEMBER 1998)

(1) Each officer or employee of any person (contractor or subcontractor) at any tier to whom returns or return information is or may be disclosed shall be notified in writing by the person (contractor or subcontractor) that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as $5,000 or imprisonment for as long as five years, or both, together with the costs of prosecution. Such person (contractor or subcontractor) shall also notify each such officer and employee that any such unauthorized future disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than $1,000 with respect to each instance of unauthorized disclosure plus in the case of willful disclosure or a disclosure which is the result of gross negligence, punitive damages, plus the cost of the action. These penalties are prescribed by IRC Sections 7213 and 7431 and set forth at 26 CFR 301.6103(n).

(2) Each officer or employee of any person (contractor or subcontractor) to whom returns or return information is or may be disclosed shall be notified in writing by such person that any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this contract and that inspection of any such returns or return information for a purpose or to an extent not authorized herein constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as $1,000.00 or imprisonment for as long as 1 year, or both, together with the costs of prosecution. Such person (contractor or subcontractor) shall also notify each such officer and employee that any such unauthorized inspection of returns or return information may also result in an award of civil damages against the officer or employee in an amount equal to the sum of the greater of $1,000.00 for each act of unauthorized inspection with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection plus in the case of a willful inspection or an inspection which is the result of gross negligence, punitive damages, plus the costs of the action. The penalties are prescribed by IRC Sections 7213A and 7431.

(3) Additionally, it is incumbent upon the contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a(I)(1), which is made applicable to contractors by 5 U.S.C. 552a(m)(1), provides that any officer or employee of a

contractor, who by virtue of his/her employment or official position, has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is so prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than $5,000.

C.8 DISCLOSURE OF INFORMATION -- OFFICIAL USE ONLY (IRSAP 1052.224-71(b) (DECEMBER 1988)

Each officer or employee of the contractor to whom "Official Use Only" information may be made available or disclosed shall be notified in writing by the contractor that "Official Use Only" information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such "Official Use Only" information, by any means, for a purpose or to an extent unauthorized herein, may subject the offender to criminal sanctions imposed by 18 U.S.C. Sections 641.

C.9 DISCLOSURE OF INFORMATION-INSPECTION (IRSAP 1052.224-72) (DECEMBER 1988)

The Internal Revenue Service shall have the right to send its officers and employees into the offices and plants of the contractor for inspection of the facilities and operations provided for the performance of any work under this contract. On the basis of such inspection, the Contracting Officer may require specific measures in cases where the contractor is found to be noncompliant with contract safeguards.

C.10 PUBLIC RELEASE OF INFORMATION

(1) The Contractor shall obtain the written permission of the Contracting Officer before releasing or using any information regarding the Contractor's selection for, or performance of work on, this contract. Information including, but not limited to, advertisements, unclassified speeches, articles, press releases, presentations, displays or demonstrations developed or proposed for release to the public must be submitted in their entirety to the Contracting Officer. The Contractor shall request, in writing, permission to release information describing the scope of the information to be released and the purpose for its release. This clause does not affect the Contractor's rights with regard to patents, which are governed by the patent clauses of this contract. This clause shall apply to subcontractors at any tier.

(2) The Contractor in publicizing its selection for, or its performance of work on, this contract shall not state or imply that the Government endorses or warrants its products or services. Information publicized shall clearly indicate that the taxpayer's decision to use any of the Contractor's products or services will not result in any special treatment from the Internal Revenue Service. This clause shall apply to subcontractors at any tier.

(3) In the event of a termination for the convenience of the Government, the Government shall be responsible for press releases, jointly prepared with the Contractor, declaring the termination of the pilot by the Government. Such releases shall be placed where determined by the contractor; except that the Government reserves the right to either place such releases itself in a reasonable number of new media or paying for the contractor's placement of such releases. The Government shall consider the contractor's reasonable request for the number of news media to receive such releases. The Government shall also consider the contractor's reasonable request that it not issue a public release or public announcement of the termination of the contract for the Government's convenience.

C.11 IRSAP 1052.239-9002—YEAR 2000 WARRANTY—COMMERCIAL SUPPLY PRODUCTS

(1) The contractor warrants that each hardware, software, and firmware product provided under this contract and described in (2) and (3) below shall be able to accurately process date data (including, but not limited to, calculating, comparing and sequencing) from, into, and between the twentieth and twenty-first centuries, including leap year calculations, when used in accordance with the product documentation provided by the contractor, provided that all listed or unlisted products (e.g. hardware, software, firmware) used in combination with such listed product properly exchange date data with it. If the contract requires that specific listed products must perform as a system in accordance with the foregoing warranty, then that warranty shall apply to those listed products as a system. The duration of this warranty and the remedies available to the Government for breach of this warranty shall be as defined in, and subject to, the terms and limitations of the contractor's standard commercial warranty or warranties contained in this contract, provided that notwithstanding any provision to the contrary in such commercial warranty or warranties, the remedies available to the Government under this warranty shall include repair or replacement of any listed product whose non-compliance is discovered and made known to the contractor in writing within the time period consistent with this contract's Inspection clause. Nothing in this warranty shall be construed to limit any rights or remedies the Government may otherwise have under this contract with respect to defects other than Year 2000 performance.

C.12 ADDENDUM 1

C.12.1 FAR CLAUSES INCORPORATED BY REFERENCE

52.252-2 CLAUSES INCORPORATED BY REFERENCE (JUN 1988)

The contract will incorporate one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES INCORPORATED BY REFERENCE

NUMBER	TITLE	DATE
52.203-3	GRATUITIES	APR 1984
52.209-6	PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT	JUL 1995
52.227-14	RIGHTS IN DATA - GENERAL (ALT III)	JUN 1987

C.12.2 OPTION TO EXTEND THE TERM OF THE CONTRACT FAR 52.217-9 (MAR 1989)

(a) The Government may extend the term of the contract by written notice to the Contractor within 15 calendar days prior to contract expiration; provided, that the Government shall give the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the Government to an extension.

(b) If the Government exercises this option, the extended contract shall be considered to include this option provision.

(c) The total duration of this contract, including the exercise of
any options under this clause, shall not exceed approximately
36 months depending on contract commencement and
number of option periods. The option period for pilots in
Filing Season 2002 will be the last option period in all
contracts awarded as a result if this solicitation.

C.13 CONTRACT TERMS AND CONDITIONS REQUIRED TO IMPLEMENT STATUTES OR EXECUTIVE ORDERS -- COMMERCIAL ITEMS, FAR 52.212-5 (JUN 1998)

(a) The Contractor agrees to comply with the following FAR clauses, which are incorporated in this contract by reference, to implement provisions of law or Executive orders applicable to acquisitions of commercial items:

(1) 52.222-3, Convict Labor (E.O. 11755); and
(2) 52.233-3, Protest After Award (31 U.S.C 3553).

(b) The Contractor agrees to comply with the FAR clauses in this paragraph (b) which the contracting officer has indicated as being incorporated in this contract by reference to implement provisions of law or executive orders applicable to acquisitions of commercial items or components:

(Contracting Officer shall check as appropriate.)

__X__(1) 52.203-6, Restrictions on Subcontractor Sales to the Government, with Alternate I (41 U.S.C. 253g and 10 U.S.C. 2402).

_____ (2) 52.203-10, Price or Fee Adjustment for Illegal or Improper Activity (41 U.S.C. 423).

__X__(3) 52.219-8, Utilization of Small Business Concerns and Small Disadvantaged Business Concerns (15 U.S.C. 637 (d)(2) and (3));

_____(4) 52.219-14, Limitation on Subcontracting (15 U.S.C. 637(a)(14)).

__X__(5) 52.222-26, Equal Opportunity (E.O. 11246).

__X__(6) 52.222-35, Affirmative Action for Special Disabled and Vietnam Era Veterans (38 U.S.C. 4212).

__X__(7)   52.222-36, Affirmative Action for Handicapped Workers (29 U.S.C. 793).

 __X__(8)   52.222-37, Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era (38 U.S.C. 4212).

 _____(9)   52.225-3, Buy American Act-Supplies (41 U.S.C. 10).

 _____(10)   52.225-9, Buy American Act-Trade Agreements Act-Balance of Payments Program (41 U.S.C. 10, 19 U.S.C. 2501-2582).

 _____(11)   Reserved.

 _____(12)   52.225-18, European Union Sanction for End Products (E.O. 12849).

 _____(13)   52.225-19, European Union Sanction for Services (E.O. 12849).

 _____(14)   (i) 52.225-21, Buy American Act-North American Free Trade Agreement Implementation Act-Balance of Payments Program (41 U.S.C 10, Pub. L. 103-187).

 _____   (ii) Alternate I of 52.225-21.

 __X__(15)   52.239-1, Privacy or Security Safeguards (5 U.S.C. 552a).

 _____(16)   52.247-64, Preference for Privately Owned U.S.- Flag Commercial Vessels (46 U.S.C. 1241).

   (c) The Contractor agrees to comply with the FAR clauses in this paragraph (c), applicable to commercial services, which the Contracting Officer has indicated as being incorporated in this contract by reference to implement provisions of law or executive orders applicable to acquisitions of commercial items or components:

(Contracting Officer check as appropriate.)

____(1)   52.222-41, Service Contract Act of 1965, As amended (41 U.S.C. 351, et seq.).

____(2)   52.222-42, Statement of Equivalent Rates for Federal Hires (29 U.S.C. 206 and 41 U.S.C. 351, et seq.).

____(3)   52.222-43, Fair Labor Standards Act and Service Contract Act-Price Adjustment (Multiple Year and Option Contracts) (29 U.S.C. 206 and 41 U.S.C. 351, et seq.).

____(4)   52.222-44, Fair Labor Standards Act and Service Contract Act-Price Adjustment (29 U.S.C. 206 and 41 U.S.C. 351, et seq.).

____(5)   52.222-47, SCA Minimum Wages and Fringe Benefits Applicable to Successor Contract Pursuant to Predecessor Contractor Collective Bargaining Agreement (CBA) (41 U.S.C. 351, et seq.).

(d) Comptroller General Examination of Record. The Contractor agrees to comply with the provisions of this paragraph (d) if this contract was awarded using other than sealed bid, is in excess of the simplified acquisition threshold, and does not contain the clause at 52.215-2, Audit and Records--Negotiation.

(1) The Comptroller General of the United States, or an authorized representative of the Comptroller General, shall have access to and right to examine any of the Contractor's directly pertinent records involving transactions related to this contract.

(2) The Contractor shall make available at its offices at all reasonable times the records, materials, and other evidence for examination, audit, or reproduction, until 3 years after final payment under this contract or for any shorter period specified in FAR Subpart 4.7, Contractor Records Retention, of the other clauses of this contract. If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement. Records relating to appeals under the disputes clause or to litigation or the settlement of claims arising under or relating to this contract shall be made available until such appeals, litigation, or claims are finally resolved.

(3) As used in this clause, records include books, documents, accounting procedures and practices, and other data, regardless of type and regardless of form. This does not require the Contractor to create or maintain any record that the Contractor does not maintain in the ordinary course of business or pursuant to a provision of law.

(e) Notwithstanding the requirements of the clauses in paragraphs (a), (b), (c),

or (d) of this clause, the Contractor is not required to include any FAR clause, other than those listed below (and as may be required by an addenda to this paragraph to establish the reasonableness of prices under Part 15), in a subcontract for commercial items or commercial components--

      (1) 52.222-26, Equal Opportunity (E.O. 11246);

      (2) 52.222-35, Affirmative Action for Special Disabled and Vietnam Era Veterans (38 U.S.C. 2012(a));

      (3) 52.222-36, Affirmative Action for Workers with Disabilities (29 U.S.C. 793); and

      (4) 52.247-64, Preference for Privately-Owned U.S.-Flagged Commercial Vessels (46 U.S.C. 1241) (flow down not required for subcontracts awarded beginning May 1, 1996).

SECTION E - SOLICITATION PROVISIONS

SECTION E - SOLICITATION PROVISIONS

E.1 FAR 52.212-1 INSTRUCTIONS TO OFFERORS -- COMMERCIAL ITEMS (AUG 1998*) (TAILORED***)**

(a) Standard industrial classification (SIC) code and small business size standard. The SIC code and small business size standard for this acquisition appear in Block 10 of the solicitation cover sheet (SF 1449). However, the small business size standard for a concern which submits an offer in its own name, but which proposes to furnish an item which it did not itself manufacture, is 500 employees.

(b) Submission of offers. Submit signed and dated offers to the office specified in this solicitation at or before the exact time specified in this solicitation.   All contract base period 2000 proposals shall be delivered no later than the date and time specified in Block 8 of the Standard Form 1449 (June 18, 1999). All contract base period 2001 proposals shall be delivered no earlier than September 1, 1999, but no later than September 17, 1999**.** Any change in the date and time will be stated in an Amendment to the Solicitation issued with a Standard Form 30. All offerors are asked to notify the individual shown in Block 7a of the Standard Form 1449 at least 24 hours in advance of their planned delivery time. Offers may be submitted on the SF 1449 or on the offeror's letterhead stationery. As a minimum, offers must be sealed and show--

(1)   The solicitation number both on the external envelope and on the documents enclosed;

(2)   The time and date specified in the solicitation for receipt of offers both on the external envelope and on the documents enclosed;

(3)   The name, address, and telephone number of the offeror;

(4)   A description of the items being offered in sufficient detail to evaluate compliance with the "commercial item" requirements in the solicitation. This may include product literature, or other documents, if necessary. A statement addressing how the solution offered fits into the conditions expressed in paragraphs (a), (b), (c), (d), (e), (f), (g), or (h) of the definition at FAR 2.101 must be submitted;

(5)   Terms of any applicable express warranty;

(6)   "Remit to" address, if different than mailing address;

(7)   A completed copy of the representations and certifications at FAR 52.212-3;

(8)   Acknowledgment of any Solicitation Amendments;

(9)   Past performance information, when included as an evaluation factor, to include recent and relevant contracts for the same or similar items and other references; and

(10)   If the offer is not submitted on the SF 1449, include a statement specifying the extent of agreement with all contract terms, conditions, and requirements included in the solicitation. Offers that fail to furnish required representations or information, or reject the contract terms, conditions, and requirements may be excluded from consideration.

(c)   Period for acceptance of offers. The offeror agrees to hold its offer firm for 180 calendar days from the date specified for receipt of offers, unless another time period is specified in an addendum to the solicitation.

(d)   Multiple offers. Offerors may submit more than one offer, each presenting different approaches or different commercial items for satisfying the objectives of this solicitation. See additional related instructions in E.2.4.

(e)   Late offers. Offers or modifications of offers received at the address specified for the receipt of offers after the exact time specified for receipt of offers will not be considered.

(f)   Contract award (not applicable to Invitation for Bids). The Government intends to evaluate offers and award a contract without discussions with offerors. Therefore, the offeror's initial offer should contain the offeror's best terms possible. However, the Government reserves the right to conduct discussions if later determined by the Contracting Officer to be necessary. The Government may reject any or all offers if such action is in the public interest and waive informalities and minor irregularities in offers received.

(g) Multiple awards. The Government at its discretion may award one or more contract(s) as a result of this solicitation. However, only one contract will be awarded for the pay-by-phone approach. Also, the Government may accept any item or group of items of an offer, unless the offeror qualifies the offer by specific limitations.

(End of provision)

E.2 ADDENDUM TO FAR 52.212-1

E.2.1 INQUIRIES AND COMMUNICATIONS

(a) Questions requesting interpretation of the RFP and contract requirements shall be submitted in writing to the address below. You are encouraged to send requests by electronic mail, address: jeffrey.petrino@ccmail.irs.gov, or by faxing your request to the Contracting Officer at (202) 283-1534.

> Jeffrey Petrino, Contracting Officer
> Internal Revenue Service M:P:I:D
> Room 700, Constellation Centre
> 6009 Oxon Hill Road
> Oxon Hill, MD 20745

(b) No interpretations of the RFP and contract requirements will be provided in response to telephone calls. All such requests must be made in writing and faxed or mailed to the respective fax number or address above. The Contracting Officer must receive this correspondence no later than ten days after the issuance of the FINAL RFP. The Government may not respond to requests received after that date. Please refer to the specific text of the RFP in the following format:

> Subject: RFP No. TIRNO-99-R-00035, ETA Alternative Payments Pilots
> Reference: RFP Section ___, Paragraph(s) ___, Page(s) ___.

E.2.2 SERVICE OF PROTEST (52.233-2) (AUG 1996)

(a) Protests, as defined in Section 33.101 of the Federal Acquisition Regulation, that are filed directly with an agency, and copies of any protests that are filed with the General Accounting Office (GAO), shall be served on the Contracting Officer (addressed as follows) by obtaining written and dated acknowledgment of receipt from:

> Jeffrey Petrino, Contracting Officer
> Internal Revenue Service M:P:I:D
> Room 700, Constellation Centre
> 6009 Oxon Hill Road
> Oxon Hill, MD 20745

Hand-carried protests shall be delivered to the same address above.

(b) A copy of any protest to the GAO shall be received in the office designated above within one day of filing a protest with the GAO.

E.2.3 PRE-PROPOSAL CONFERENCE

A pre-proposal conference will be held at the IRS New Carrollton Federal Building, Main Auditorium, Building A, 5000 Ellin Road, New Carrollton, MD at 9:00 a.m. on May 26, 1999. This conference will include presentations by the Internal Revenue Service and the Treasury Financial Agents and a question and answer session. A written document containing information presented and addressed will be provided to all interested parties upon request. Please notify the IRS Contracting Officer by e-mail at jeffrey.petrino@ccmail.irs.gov or by telephone at (202) 283-1411 no later than one day before the stated date of the conference if you wish to attend. Provide the name of your organization and of each attendee. Everyone who telephones must furnish an e-mail address or regular mailing address for delivery of the conference document.

E.2.4 ADDITIONAL PROPOSAL PREPARATION INSTRUCTIONS

Each Offeror shall provide a pilot plan for either (1) a contract base period from date of contract award beginning with preparation and commencement of a pilot for filing season 2000 and ending with its completion and for each of two contract option periods covering pilots for filing seasons 2001 and 2002 or (2) a contract base period from date of contract award beginning with preparation and commencement of pilot for filing season 2001 and ending with its completion and for one contract option period covering a pilot for filing season 2002. The pilot plan shall be in the following format:

A. Introduction

1. Key Personnel – Provide a resume (should not exceed 2 pages) with name, address, phone number, e-mail address and fax number for the proposed Project Manager who will meet the requirements in C.3.3.

2. Point of contact information (name, address, phone number, e-mail address and fax number) for the offeror's representative(s) who is (are) authorized to conduct any negotiations and sign a contract.

Experience and Past Performance – Each offeror shall identify up to ten of its last contracts or agreements and discuss relevant experience gained on at least five, both for the offeror and any subcontractor, within the past three years. This discussion shall cover how each particular job has provided capabilities and insights that will contribute to the successful performance of this contract*.* The information described in Attachment 4, Past Performance Information Form shall be provided for each of the 10 contracts or agreements. A Past Performance Questionnaire, Attachment 5, will be used by the government to collect information from references identified on Attachment 4. The Government may also use other relevant information that comes to its attention in the evaluating past performance.

B. Pilot Description

1. Objective and detailed description of the proposed pilot for the contract base
    period (contract to begin with a pilot for either filing season 2000 or 2001) and
    for each of the contract option periods (contract with options to extend for either
    filing seasons 2001 and 2002 or for 2002 only) including –

    -       Alternative payment method: credit card, direct debit, or other method

    -       Market segment: (i) integrated filing and paying where electronic payment
            is accepted at the completion or concurrently with the electronic balance
            due return (Note: magnetic tapes will not be accepted) or (ii) stand-alone
            payment where the return is not received jointly with the payment

    -       Types of payments accepted (1040 balance due, 1040ES, 4868, or other)

    -       Return or form filing channel (filing channels are the routes through which
            returns and other forms are forwarded to the IRS including electronic
            returns filed by an authorized IRS e-file provider, electronic returns filed
            using commercial tax preparation or Telefile, paper returns filed manually,
            and/or other paper tax forms and related payments filed manually

            Note - These are mandatory proposal requirements: All proposals are
            limited to one alternative payment method and one market segment per
            proposal. For example, a proposal shall include information pertaining to
            one payment method (credit card, direct debit, or other method) and one
            market segment (integrated filing and paying or stand-alone payments).

            These are mandatory proposal requirements: Proposals for contracts to
            begin with a filing season 2000 pilot are also limited to one payment type
            in the base year, namely Form 1040, 1040A, and 1040EZ balance due
            returns. Additional payment types, other than 1040 series returns, will
            only be considered in the option years for contracts beginning with a filing
            season 2000 pilot. Also, proposals based on interactive voice response
            technology (pay-by-phone) will not be accepted for contracts to begin with
            a filing season 2000 pilot. These solutions will interface with existing IRS
            and Treasury Financial Agents' systems and may not require system
            changes. Moreover, validation and other solutions dependent on IRS
            database queries will not be accepted for contracts to begin with a filing
            season 2000 pilot.

Proposals for contracts to begin with a filing season 2001 pilot may include more than one payment type. For example, a contract base period 2001 proposal may target taxpayers such as a sole proprietor who is a electronic or paper Form 1040 (Schedule C) filer and a paper Form 1040ES filer as well. Also, a contract base period 2001 proposal may target both Form 1040 series filers and Form 4868 filers. These solutions will interface with existing IRS and Treasury Financial Agents' systems and may require system changes.

All proposals may include a solution that crosses filing channels. Balance due returns and other balance due tax forms are received through four channels:
(i)   electronic returns filed by an authorized IRS e-file provider,
(ii)   electronic returns filed using commercial tax preparation or Telefile,
(iii)   paper returns filed manually,
(iv)   and/or other paper tax forms and related payments filed manually

- high-level workflow diagram including all tasks critical to the implementation of the proposed solution in the contract base period and each option period. The diagram should reflect the sequential and/or concurrent nature of the tasks.

- payment system functionality including base and maximum processing capacity

- how the payment date will be designated and when funds will be settled.

   Note: The settlement date for electronic payments is the business date when the designated bank account or charge account is debited.

2. A timeline of milestones for all critical tasks during the contract base period and each option period clearly indicating the timeframes by payment type (1040 balance due, 1040ES, 4868, or other).   Clearly delineate the milestones and time frames associated with each participant (the Offeror, any proposed subcontractor, and the IRS).

3. Privacy and security safeguards of taxpayer payment information, and fraud prevention measures. Note: Transactions involved with an electronic tax payment are dependent on solutions to issues regarding taxpayer entity validation and taxpayer authentication. Offerors must propose return validity checks and taxpayer authentication procedures.

4. Disaster contingencies/back up processes. Proposals should address stand-by processes that will minimize the impact of any unscheduled down time or system outage.

5. An internal customer service strategy (including available staff and services) for handling taxpayer inquiries.

6. Resource allocations of technical support staff.

7. Duties and responsibilities of the Contractor (and any subcontractors).

8. Duties and responsibilities of the IRS.

9. Impact on taxpayers and/or the government including benefits and direct costs to the taxpayer and how any fees charged to the taxpayer will be determined and collected.

   Note: The Taxpayer Relief Act prohibits the IRS from paying any fee or other consideration associated with acceptance of credit or debit card payments. Because the IRS is not directly accepting these transactions, it is not "the merchant." Proposals must identify all merchant or other fees related to such payments. IRS is interested in minimizing taxpayer costs.

10. Success Determination
    a. Definition of success for the pilot including anticipated results (in terms of taxpayer satisfaction and/or increased volumes), the means of measurement for evaluating that success, and recommendations for success factors for IRS to use in judging the success of the pilot;
    b. Pilot projections and channel penetration rate (projected number of payments and the total number of payments received through the targeted filing channel compared to the projected number of payments).
    c. Basis for assumptions related to the pilot plan success factors (e.g., what evidence does the Offeror have that the proposed payment method will motivate taxpayers to electronically file and/or pay.

11. A marketing strategy (description of independent efforts to reach targeted filing channel audience).

12. Changes required to IRS's or Treasury Financial Agents' systems or procedures. Note: Proposals for contracts to begin with a filing season 2000 pilot must not require any changes to IRS's or Treasury Financial Agents' systems or procedures during any time in the contract period of performance including all option periods.

Proposals for contracts to begin with a filing season 2001 pilot may require such changes. Contractors selected for filing season 2000 pilots may propose such changes for filing season 2001 by responding to the RFP's separate closing date (see E.1(b) above) for proposals for contracts to begin with a filing season 2001 pilot. If a selection is made of an existing contractor, the Government would consider modifying the existing contract, subject to mutual agreement, or awarding an additional contract.

E.3 EVALUATION FACTORS FOR AWARD

E.3.1 EVALUATION - COMMERCIAL ITEMS (OCT 1995)

To be considered acceptable and eligible for evaluation, proposals shall: (1) be in compliance with the definition of "commercial item" in FAR 2.101 (see Attachment 1); (2) be in compliance with Section C.1.3, Contract Requirements; (3) include a pilot approach in each contract year to begin and end by the timeframes stated in Section C.1.6, Schedule of Performance; and (4) meet the minimum requirements in the instructions in Section E.1 above.

A written notice of award or acceptance of an offer, mailed or otherwise furnished to the successful Offeror within the time for acceptance specified in the offer, shall result in a binding contract without further action by either party. Before the offer's specified expiration time, the Government may accept an offer (or part of an offer), whether or not there are negotiations after its receipt, unless a written notice of withdrawal is received before award.

E.3.2 EVALUATION PROCESS

The Offeror's proposals will be evaluated using the downselect process and the factors described below.

Step 1

The first step of the evaluation involves the assessment of the Offeror's proposal to determine relevance to scope and compliance with the mandatory "commercial item" contract requirement as stated in C.1.2. Secondly, the offeror must acknowledge the mandatory contract requirements and deliverables related to the proposed solution which are described in Section C.1.3, C.1.4 and C.3.3. The offeror should address under item B1 of the Pilot Description (see E.2.4 above) each of the mandatory contract requirements in terms of its application to the proposal. If the requirement does not apply to the proposal (for example, the EFTPS Credit Card Bulk Filer Requirements do not apply to a direct debit solution), this should be stated in the proposal. The offeror

must also comply with the mandatory proposal requirements stated under item B1 in E.2.4. If the offeror does not agree to one or more of the applicable contract requirements and deliverables, or comply with one or more of the mandatory proposal requirements, the Government will consider such proposals unacceptable and ineligible for contract award.

The Government may communicate with Offerors during this step to resolve any uncertainties and facilitate the evaluation process.

As a result of its review of all proposals received, the Government will first determine which proposals are acceptable, that is, are: (I) relevant to the stated contract scope, (2) in agreement with the mandatory contract requirements and deliverables related to the proposed solution, and (3) compliant with the mandatory proposal requirements.

Step 2:

The Government will evaluate each proposal that passes Step 1 using the evaluation factors below:

Factor 1 - Soundness of Approach

Subfactor A - Ease of Implementation
        Complexity of Solution
        Reasonableness of Timelines' Critical Tasks, Milestones and Dates

Subfactor B - Manageability
        Privacy, Fraud and Security Risks
        Disaster Contingencies
        Impact on ETA resources (contract administration and technical support staff)
        Impact on IRS field staff (information systems analysis, customer service, error resolution, etc.)

Factor 2 - Impact on Taxpayer and Benefits to Government

Subfactor A – Costs and Benefits
        Direct cost to the Taxpayer
        Benefits and convenience to the Taxpayer
        Benefits to the Government

Subfactor B - Success Determination
        Success factors and measurement methodology
        Marketing strategy - Solution to motivate taxpayers to either electronically

file and pay or electronically pay
Projected volumes/market channel penetration and empirical evidence
supporting the solution

Factor 3 – Experience and Past Performance

Completion of relevant work in the past three years
Quality of Past Performance

Factor 4 – Impact of IRS's and Financial Agents' Systems and Procedures

This factor applies only to the evaluation of proposals for pilots to begin in
Filing Season 2001.

Interoperability with IRS's and Treasury Financial Agents' (FAs') systems
Impact on EFTPS and other Information Systems -- changes required to
current systems or procedures and ease of accommodation in the IRS's
and the FAs' time and resources)

The evaluation panel will score these factors as follows:

Proposals with Contract Base Period for 2000:   Factor 1 (40 Points)
                                                       Factor 2 (40 Points)
                                                       Factor 3 (20 Points)

Proposals with Contract Base Period for 2001:   Factor 1 (35 Points)
                                                       Factor 2 (35 Points)
                                                       Factor 3 (15 Points)
                                                       Factor 4 (15 Points)

Each subfactor is of equal weight.

At the end of this step, the Government will determine whether one or more contract awards will be made without discussions or whether any negotiations are necessary with those Offerors with the most highly rated proposals before any contract award(s). If negotiations are necessary, the Government will hold written and oral discussions with each of the Offerors with the most highly rated proposals (i.e., those in the "competitive range") and may request revised proposals. If discussions occur, then any Offeror whose proposal is not among the most highly rated will no longer be considered, and each will be so informed. If, after discussions have begun, an Offeror originally in the competitive range is no longer considered to be among the those with the most highly rated proposals, that Offeror may be eliminated whether or not all material aspects of the proposal have been discussed, or whether or not the Offeror has been afforded an opportunity to submit a proposal revision. After all discussions have been completed and proposal revisions have been received from Offerors remaining in the competitive range, the Government will then proceed to Step 3. If no discussions are found to be necessary, then the Government will proceed to Step 3 with all proposals evaluated in Step 2.

Step 3

The Government will complete a series of paired comparisons among all proposals being considered, trading off any significant advantages, disadvantages, and risks found that are relevant to the evaluation factors stated in Step 2 above. If one proposal in any pair has no or fewer significant risks and disadvantages and is more advantageous in terms of the evaluation factors, then that proposal will represent the better value to the Government. The Government's designated Source Selection Authority (SSA) will continue to make paired comparisons until he or she has decided the maximum number of proposals that have the best value to the Government.

E.4 OFFEROR REPRESENTATIONS AND CERTIFICATIONS COMMERCIAL ITEMS - FAR 52.212-3 (JAN 1997)

(a) Definitions. As used in this provision:

"Emerging small business" means a small business concern whose size is no greater than 50 percent of the numerical size standard for the standard industrial classification code designated.

"Small business concern" means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR Part 121 and size standards in this solicitation.

"Small disadvantaged business concern" means a small business concern that--

     (1) Is at least 51 percent unconditionally owned by one or more individuals who are both socially and economically disadvantaged, or a publicly owned business, having at least 51 percent of its stock unconditionally owned by one or more socially and economically disadvantaged individuals, and

     (2) Has its management and daily business controlled by one or more such individuals. This term also means a small business concern that is at least 51 percent unconditionally owned by an economically disadvantaged Indian tribe or Native Hawaiian organization, or a publicly owned business having at least 51 percent of its stock unconditionally owned by one or more of these entities, which has its management and daily business controlled by members of an economically disadvantaged Indian tribe or Native Hawaiian organization and which meets the requirements of 13 CFR Part 124.

    "Women-owned small business concern" means a small business concern-

     (1) Which is at least 51 percent owned by one or more women or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and

     (2) Whose management and daily business operations are controlled by one or more women.

    "Women-owned business concern" means a concern which is at least 51 percent owned by one or more women; or in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and whose management and daily business operations are controlled by one or more women.

    (b) Taxpayer identification number (TIN) (26 U.S.C. 6050M).

     (1) Taxpayer Identification Number (TIN).

[ ]   TIN: _____.

[ ]   TIN has been applied for.

[ ]   TIN is not required because:

[ ]   Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the U.S. and does not have an office or place of business or a fiscal paying agent in the U.S.;

[ ]   Offeror is an agency or instrumentality of a foreign government;

[ ]   Offeror is an agency or instrumentality of a Federal, state, or local government;

[ ]   Other. State basis. _____

       (2)   Corporate Status.

[ ]   Corporation providing medical and health care services, or engaged in the billing and collecting of payments for such services;

[ ]   Other corporate entity;

[ ]   Not a corporate entity:

[ ]   Sole proprietorship

[ ]   Partnership

[ ]   Hospital or extended care facility described in 26 CFR 501(c)(3) that is exempt from taxation under 26 CFR 501(a).

       (3) Common Parent.

[ ] Offeror is not owned or controlled by a common parent.

Name and TIN of common parent:

Name_____

TIN _____

(c) Offerors must complete the following representations when the resulting contract is to be performed inside the United States, its territories or possessions, Puerto Rico, the Trust Territory of the Pacific Islands, or the District of Columbia. Check all that apply.

     (1) Small business concern. The Offeror represents as part of its offer that it [ ] is, [ ] is not a small business concern.

     (2) Small disadvantaged business concern. The Offeror represents that it [ ] is, [ ] is not a small disadvantaged business concern.

(3) Women-owned small business concern. The Offeror represents that it [ ] is, [ ] is not a women-owned small business concern.

Note: Complete paragraphs (c)(4) and (c)(5) only if this solicitation is expected to exceed the simplified acquisition threshold.

(4)   Women-owned business concern. The Offeror represents that it [ ] is, [ ] is not, a women-owned business concern.

(5) Small Business Size for the Small Business Competitiveness Demonstration Program and for the Targeted Industry Categories under the Small Business Competitiveness Demonstration Program. [Complete only if the Offeror has represented itself to be a small business concern under the size standards for this solicitation.]

(i) (Complete only for solicitations indicated in an addendum as being set-aside for emerging small businesses in one of the four designated industry groups (DIGs).) The Offeror represents as part of its offer that it [ ] is, [ ] is not an emerging small business.

(ii) (Complete only for solicitations indicated in an addendum as being for one of the targeted industry categories (TICs) or four designated industry groups (DIGs).) Offeror represents as follows:

(A) Offeror's number of employees for the past 12 months (check the Employees column if size standard stated in the solicitation is expressed in terms of number of employees); or

(B) Offeror's average annual gross revenue for the last 3 fiscal years (check the Average Annual Gross Number of Revenues column if size standard stated in the solicitation is expressed in terms of annual receipts)

(Check one of the following):

Number of Employees	Average Annual Gross Revenues
__ 50 or fewer	__ $1 million or less
__ 51-100	__ $1,000,001-$2 million
__ 101-250	__ $2,000,001-$3.5 million
__ 251-500	__ $3,500,001-$5 million
__ 501-750	__ $5,000,001-$10 million
__ 751-1,000	__ $10,000,001-$17 million
__ Over 1,000	__ Over $17 million

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(d) Certifications and representations required to implement provisions of Executive Order 11246—

(1) Certification of non-segregated facilities. (Applies only if the contract amount is expected to exceed $10,000)--

By submission of this offer, the Offeror certifies that it does not and will not maintain or provide for its employees, any facilities that are segregated on the basis of race, color, religion, or national origin because of habit, local custom, or otherwise and that it does not and will not permit its employees to perform their services at any location where segregated facilities are maintained. The Offeror agrees that a breach of this certification is a violation of the Equal Opportunity clause in the contract.

(2) Previous Contracts and Compliance. The Offeror represents that--

(I) It [ ] has, [ ] has not, participated in a previous contract or subcontract subject either to the Equal Opportunity clause of this solicitation, the clause originally contained in Section 310 of Executive Order 10925, or the clause contained in Section 201 of Executive Order 11114; and

(ii) It [ ] has, [ ] has not, filed all required compliance reports.

(3) Affirmative Action Compliance. The Offeror represents that--

(I) It [ ] has developed and has on file, [ ] has not developed and does not have on file, at each establishment, affirmative action programs required by rules and regulations of the Secretary of Labor (41 CFR Subparts 60-1 and 60-2), or

(ii)   It [ ] has not previously had contracts subject to the written affirmative action programs requirement of the rules and regulations of the Secretary of Labor.

(e) Certification Regarding Payments to Influence Federal Transactions (31 U.S.C. 1352). (Applies only if the contract is expected to exceed $100,000.) By submission of its offer, the Offeror certifies to the best of its knowledge and belief that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress on his or her behalf in connection with the award of any resultant contract.

(f) Buy American Act-Trade Agreements-Balance of Payments Program Certificate. (Applies only if FAR clause 52.225-9, Buy American Act-Trade Agreement-Balance of Payments Program, is included in this solicitation.)

(1) The Offeror hereby certifies that each end product, except those listed in paragraph (f)(2) of this provision, is a domestic end product (as defined in the clause entitled "Buy American Act-Trade Agreements-Balance of Payments Program") and that components of unknown origin have been considered to have been mined, produced, or manufactured outside the United States, a designated country, a North American Free Trade Agreement (NAFTA) country, or a Caribbean Basin country, as defined in section 25.401 of the Federal Acquisition Regulation.

(2) Excluded End Products:

LINE ITEM NO.   COUNTRY OF ORIGIN
_____   _____
_____   _____

(List as necessary)

(3) Offers will be evaluated by giving certain preferences to domestic end products, designated country end products, NAFTA country end products, and Caribbean Basin country end products over other end products. In order to obtain these preferences in the evaluation of each excluded end product listed in paragraph (f)(2) of this provision, Offerors must identify and certify below those excluded end products that are designated or NAFTA country end products, or Caribbean Basin country end products. Products that are not identified and certified below will not be deemed designated country end products, NAFTA country end products, or Caribbean Basin country end products. Offerors must certify by inserting the applicable line item numbers in the following:

(I) The Offeror certifies that the following supplies qualify as "designated or NAFTA country end products" as those terms are defined in the clause entitled "Buy American Act-Trade Agreements-Balance of Payments Program:"

_____

_____

_____
(Insert line item numbers)

        (ii) The Offeror certifies that the following supplies qualify as "Caribbean Basin country end products" as that term is defined in the clause entitled "Buy American Act-Trade Agreements --Balance of Payments Program":

_____

_____

_____

(Insert line item numbers)

    (4) Offers will be evaluated in accordance with FAR Part 25.

   (g)(1) Buy American Act-North American Free Trade Agreement Implementation Act-Balance of Payments Program Certificate. (Applies only if FAR clause 52.225-21, Buy American Act-North American Free Trade Agreement Implementation Act-Balance of Payments Program, is included in this solicitation.)

        (i) Each end product being offered, except those listed in paragraph (g)(1)(ii) of this provision is a domestic end product (as defined in the clause entitled ABuy American Act--North American Free Trade Agreement Implementation Act -- Balance of Payments Program@).

Components of unknown origin have been considered to have been mined, produced, or manufactured outside the United States.

      (ii) Excluded End Products:

LINE ITEM NO.	COUNTRY OF ORIGIN
_____	_____
_____	_____

(List as necessary)

(iii)   Offers will be evaluated by giving certain preferences to domestic end products or NAFTA country end products over other end products. In order to obtain these preferences in the evaluation of each excluded end product listed in paragraph (g)(1)(ii) of this provision, Offerors must identify below those excluded end products that are NAFTA country end products. Products that are not identified below will not be deemed NAFTA country end products. The following supplies qualify as "NAFTA country end products" as that term is defined in the clause entitled "Buy American Act--North American Free Trade Agreement Implementation Act--Balance of Payments Program":

_____

_____

_____
(Insert line item numbers)

(iv) Offers will be evaluated in accordance with FAR Part 25 of the Federal Acquisition Regulation. In addition, if this solicitation is for supplies for use outside the United States, an evaluation factor of 50 percent will be applied to offers of end products that are not domestic or NAFTA country end products.

(2) Alternate I. If Alternate I to the clause at 52.225-21 is included in this solicitation, substitute the following paragraph (g)(1)(iii) for paragraph (g)(1)(iii) of this provision:

(g)(1) (iii) Offers will be evaluated by giving certain preferences to domestic end products or Canadian end products over other end products. In order to obtain these preferences in the evaluation of each excluded end product listed in paragraph (b) of this provision, Offerors must identify and certify below those excluded end products that are Canadian end products. Products that are not identified and certified below will not be deemed Canadian end products.

The following supplies qualify as "Canadian end products" as that term is defined in the clause entitled "Buy American Act--North American Free Trade Agreement Implementation Act--Balance of Payments Program":

_____

_____

_____
(Insert line item numbers)

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(h) Certification Regarding Debarment, Suspension or ineligibility for Award (Executive Order 12549). The Offeror certifies, to the best of its knowledge and belief, that--

(1) The Offeror and/or any of its principals [ ] are, [ ] are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency, and

(2) [ ] Have, [ ] have not, within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a Federal, state or local government contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; are [ ] are. [ ] are not presently indicted for, or otherwise criminally or civilly charged by a Government entity with, commission of any of these offenses.

Definition of "Commercial Item"
FAR 2.101 Definitions

"Commercial item" means—

(a) Any item, other than real property, that is of a type customarily used for nongovernmental purposes and that—
(1) Has been sold, leased, or licensed to the general public; or
(2) Has been offered to sale, lease, or license to the general public;

(b) Any item that evolved from an item described in paragraph (a) of this definition through advances in technology or performance and that is not yet available in the commercial marketplace, but will be available in the commercial marketplace in time to satisfy the delivery requirements under a Government solicitation;

(c) Any item that would satisfy a criterion expressed in paragraphs (a) or (b) of this definition, but for—
(1) Modifications of a type customarily available in the commercial marketplace; or
(2) Minor modifications of a type not customarily available in the commercial marketplace made to meet Federal Government requirements. Minor modifications means modifications that do not significantly alter the non-governmental function or essential physical characteristics of an item or component, or change the purpose of a process. Factors to be considered in determining whether a modification is minor include the value and size of the modification and the comparative value and size of the final product. Dollar values and percentages may be used as guideposts, but are not conclusive evidence that a modification is minor;

(d) Any combination of items meeting the requirements of paragraphs (a), (b), (c), or (e) of this definition that are of a type customarily combined and sold in combination to the general public;

(e) Installation services, maintenance services, repair services, training services, and other services if such services are procured for support of an item referred to in paragraphs (a), (b), (c), or (d) of this definition, and if the source of such services—
(1) Offers such services to the general public and the Federal Government contemporaneously and under similar terms and conditions; and
(2) Offers to use the same work force for providing the Federal Government with such services as the source uses for providing such services to the general public;

(f) Services of a type offered and sold competitively in substantial quantities in the commercial marketplace based on established catalog or market prices for specific tasks performed under standard commercial terms and conditions. This does not include services that are sold based on hourly rates without an established catalog or market price for a specific service performed;

(g) Any item, combination of items, or service referred to in paragraphs (a) through (f), notwithstanding the fact that the item, combination of items, or service is transferred between or among separate divisions, subsidiaries, or affiliates of a contractor; or

(h) A non-developmental item, if the procuring agency determines the item was developed exclusively at private expense and sold in substantial quantities, on a competitive basis, to multiple State and local governments.

**"Nondevelopmental item" means—
(a) Any previously developed item of supply used exclusively for governmental purposes by a Federal agency, a State or local government, or a foreign government with which the United States has a mutual defense cooperation agreement;

(b) Any item described in paragraph (a) of this definition that requires only minor modification or modifications of a type customarily available in the commercial marketplace in order to meet the requirements of the procuring department or agency; or

(c) Any item of supply being produced that does not meet the requirements of paragraphs (a) or (b) solely because the item is not yet in use."

TABLE OF CONTENTS

1. General Interest Items

FIRST CHICAGO/MERCANTILE SERVICES CONTACT LIST

Anthony Castellano	Operations	Operations Sr. Management	312-441-4082
Maribeth Anderson	Systems	Systems Sr. Management	312-441-4015
Patricia Yancy	Systems	Project Manager, Business Systems Analyst	312-441-4079
Michael Bickham	Operations	Integration Manager	312-441-4019
Steve Chruscinski	Operations	Data Owner	312-441-4072
Jim Spalla	Operations	User Acceptance Testing	312-441-4036
Prakash Ramsamooj	Systems	IT Manager	312-441-4010
Jeff Chirchirillo	Telecommunication	Telecommunications Manager	312-441-4059
Albert Johnson	Telecommunication	Auxiliary Technical Specialist	312-441-2880
Alan Minnick	Product Management	Auxiliary Support	312-441-4026
Cindy Fronczak	Finance & Control	Auxiliary Support	312-441-4037
Jackie Goff	Finance & Control	Auxiliary Support	312-441-4058
Michael Baldwin	Systems	Quality Assurance	312-441-4016

Note: Much of this material was prepared by First Chicago/Mercantile Services, which has operated as the only financial agent for EFTPS credit card processing in 1999. It has not been determined whether the other financial agent, Bank of America/NationsBank, will be participating in 2000. Some of the technical specifications and contact information contained in this document apply only to First Chicago/Mercantile Services.

A. EFTPS BULK FILER REGISTRATION

1.   Each Bulk filer must complete the standard EFTPS Business Enrollment form (IRS Form 9779). FCMS as the Treasury Financial Agent (TFA) will use this enrollment to initially set you up on the EFTPS system and to track your payments. Please complete and mail the enclosed form to:

> Jim Spalla or Patricia Yancy
> First Chicago Mercantile Services
> 525 W. Monroe
> 11th Floor - Suite 0925
> Chicago, IL 60670-0925
> 312-441-4036

Note: First Chicago/Mercantile Services was the Treasury Financial Agent for the Credit Card prototype in 1999. Future agreements may include a second financial agent.

2.   Each Bulk Filer must complete the Trading Partner Profile registration form for our EDI database. (see the following page for details)

TRADING PARTNER REGISTRATION FORM

Company Profile

_____
Company Name - Your corporate name (up to 30 characters).

_____
Address (up to 30 characters)

_____   _____   _____   _____
City   State   Zip   Country

_____   _____
Business Unit - Your division name (up to 30 characters)   Business Hours
Describing a specific business unit under the company name.

EDI Envelope Information

_____   _____
Interchange Receiver ID (up to 15 characters)   Function group ID (up to 15 characters)

Communications Contact
The person at your company that will be our ongoing contact for communications issues and concerns.

_____   _____   _____
Communications Contact Name   Title   Phone (xxx-xxx-xxxx)
(up to 30 characters)   (up to 30 characters)

EDI Contact
The person at your company that will be our ongoing contact for EDI translation issues and concerns.

_____   _____   _____
EDI Contact Name   Title   Phone (xxx-xxx-xxxx)
(up to 30 characters)   (up to 30 characters)

GENERAL INFORMATION

Please list the following:

Hardware Platform: _____

Operating System: _____

Database: _____

Communications Software Protocol: _____

Translator: _____

Type of Modem: _____

Modem Speed: _____

Production site area code
and exchange number: _____

Disaster recovery site
 area code and exchange number: _____

Company business hours: _____

Contact name: :   _____

Contact Business Hours: _____

Contact Telephone Number: _____

B.   LETTER OF AGREEMENT

As of November 4, 1996, a signed letter of agreement is required to be on file with the Treasury Financial Agent before live enrollments and/or payments can begin. Please sign and send the enclosed Bulk Filer Letter of Agreement:

>   Jim Spalla or Patricia Yancy
>   First Chicago Mercantile Services
>   525 W. Monroe
>   11th Floor - Suite 0925
>   Chicago, IL 60670-0925
>   312-441-4036

Note 1:   As specified on page 1-2 of the 1-8-96 document, this must be signed by both parties and on file before live processing begins. (The FA's interpret this as transmission of payments)

Note 2:   The letter of agreement will contain a statement that:

"Every taxpayer for whom we will be submitting EFTPS payments has authorized the credit card processor/bulk filer to process the payment and to exchange information with the IRS necessary to process the payment."

C. Project Schedules

**BULK FILER &
FIRST CHICAGO/MERCANTILE SERVICES
DEVELOPMENT SCHEDULE**

PHASE	TARGET START DATE	TARGET END DATE	STATUS
EDI SOFTWARE INSTALLATION			
BUSINESS SYSTEM DESIGN			

ENTITY VALIDATION (Required for Credit Card processors who are contacted directly by the taxpayer)
     DETAIL DESIGN
     DEVELOPMENT
     SYSTEM TEST
     ACCEPTANCE TEST
     BULK FILER TESTING
     ENROLLMENT CONVERSION

DEBIT PAYMENTS
     DETAIL DESIGN
     DEVELOPMENT
     SYSTEM TEST
     BULK FILER TESTING
     LIVE DEBIT PAYMENTS

FIRST CHICAGO/MERCANTILE SERVICES
TESTING SCHEDULE

BULK FILER Name _____

	Earliest Available Start Date	Expected Start Date
TELECOMMUNICATION	_____	_____
ENROLLMENT (Entity Validation for Name Control)	_____	_____
DEBIT PAYMENT	_____	_____

Note: Allow a minimum of 2 weeks testing for each subsystem

**FIRST CHICAGO/MERCANTILE SERVICES
ENTITY VALIDATION PROCESS SCHEDULE
(For Credit Card Transactions Initiated Directly by Taxpayers)**

BULK FILER NAME _____

DESCRIPTION OF VALIDATION APPROACH

_____

_____

_____

_____

_____

_____

EXPECTED START DATE _____

EXPECTED END DATE _____

NUMBER OF TRANSMISSIONS _____

FREQUENCY _____

FIRST CHICAGO/MERCANTILE SERVICES
PAYMENT LIVE DATES

BULK FILER NAME _____

Live Bulk Debit payments for tax year 1999 payments should begin not later than January 15, 2000.

The following prerequisites must be complete prior to the live date.

        Financial Agent testing completed
        Signed Letter of Agreement
        Trading Partner Registration Form

Payment Method   Bulk Debit_____

Expected Live date   _____

Expected Initial Volume   _____

Expected Frequency   _____

Expected Growth   _____

CUSTOMER SERVICE

    E.   **Customer Service**

1.   The EFTPS support staff hours for bulk filers are from 8:30 a.m. ET to 8:00 p.m. ET,
        Monday through Friday. Calls that come in after hours can be left on voice mail. It is
        imperative that all calls regarding operational concerns come through the Customer
        Service line.

2.   EFTPS needs to know the business hours of all Bulk Filers. Please be prepared to
        exchange this information at the time of the individual conference calls.

3.   The procedure for a bulk filer representative identifying themselves on a telephone inquiry
        is as simple as giving their name and their company.

4.   The bulk filer procedures for inquiring about an enrollment that is late are as follows:
        STEP 1.   Do not automatically resubmit the enrollment.
        STEP 2.   Call Customer Service at the toll free 800 number (1800-945-5300) to
                        check on the status of the enrollment.
        STEP 3.   The Customer Service Center will be able to give status information on the

2.   SPECIFIC PROCESSING REQUIREMENTS

A.   EDI TRANSLATION

1.   If you are using an EDI translation software package, review where you are in the implementation process for the initial review conference call.

2.   If you are doing your own EDI development, review your intended support of all EFTPS transaction sets. (NOTE: We continue to recommend that you purchase EDI translation software. Historically, in-house development of EDI translators have elongated the testing process for EDI newcomers, and complications may jeopardize your live date.)

3.   Note that all data must be compliant with of the 3050 version of the ANSI x12 EDI standards. To obtain a copy of the standards, call 1-800-972-4334. There is a cost.

4.   Updates to new versions of the ANSI Standard will be reviewed as they become available. If EFTPS determines that the new standard will be utilized the change control procedures will be followed.

> a. Six months notice will be given prior to implementing a new standard.
> b. Old standards will be supported for a minimum of 6 months following the implementation of a new standard.

5.   Review shared understanding of the contents of the ISA and GS segments (see attached). (e.g. - potential use of EINs or Dunn's numbers for Sender and Receiver IDs)

6.   Bulk filers must verify that they use EFTPS EDI standards
       A.   The tilde "~" as a data element separator.
       B.   The backslash "\" as a segment separator.
       C.   The greater than sign ">" as a sub-segment separator.

ISA SEGMENT -INTERCHANGE CONTROL SEGMENT - INCOMING TO FC/MS

Element	REF. Nmbr	Name	Req. Desig	Elem. Type	Elem. Lngth	Comments
ISA01	I01	Authorization Information Qualif.	M	ID	2/2	00
ISA02	I02	Authorization Information	M	AN	10/10	blanks
ISA03	I03	Security Information Qualif.	M	ID	2/2	00
ISA04	I04	Security Information	M	AN	10/10	blanks
ISA05	I05	Interchange ID Qualifier	M	ID	2/2	determined by bulk filer
ISA06	I06	Interchange Sender ID	M	AN	15/15	determined by bulk filer
ISA07	I05	Interchange ID Qualifier	M	ID	2/2	30
ISA08	I07	Interchange Receiver ID	M	AN	15/15	0000000363992966
ISA09	I08	Interchange Date	M	DT	6/6	current date
ISA10	I09	Interchange Time	M	TM	4/4	current time
ISA11	I10	Interchange Control Standards ID	M	ID	1/1	U
ISA12	I11	Interchange Control Vers. Number	M	ID	5/5	00300
ISA13	I12	Interchange Control Number	M	N0	9/9	determined by bulk filer*
ISA14	I13	Acknowledgment Requested	M	ID	1/1	0
ISA15	I14	Test Indicator	M	ID	1/1	'T' or 'P'
ISA16	I15	Component Element Separator	M	AN	1/1	>

NOTE: The details concerning the specific elements expected in this ISA segments are proposed to be used between First Chicago / Mercantile Services and the Bulk Filers that it serves.

* This number will be validated in duplication checks and must be unique.

GS SEGMENT - FUNCTIONAL GROUP HEADER - INCOMING TO FC/MS

Element	REF. Nmbr	Name	Req. Desig	Elem. Type	Elem. Lngth	Comments
GS01	479	Functional Identifier Code	M	ID	2/2	838 = TD, 813 = TF
GS02	142	Application Sender's Code	M	AN	2/15	see below*
GS03	124	Application Receiver's Code	M	AN	2/15	EFTPSBF001
GS04	373	Date	MIZ	DT	6/6	current date
GS05	337	Time	MIZ	TM	4/8	current time
GS06	28	Group Control Number	MIZ	N0	1/9	determined by bulk filer **
GS07	455	Response Agency Code	M	ID	1/2	X
GS08	480	Version/RIs/Industry ID Code	M	AN	1/12	003050

* 1st eight characters of Bulk Filer Name plus unique three digit number starting with 001.
   (Ex: Advantag001, Ceridian001 & Ceridian002, Paychex001, etc.)

** This number will be validated in duplication checks and must be unique.

B.   ENTITY VALIDATION (Direct Taxpayer Contact with Credit Card Processor Only)

Credit Card Bulk Filers are required to include taxpayer name control and zip code in the payment file sent to IRS. If the credit card transaction is initiated through an *e-file* service, the entity is validated upon receipt of the e-file confirmation.

Credit card processors who have been contacted directly by the taxpayer must initiate a pseudo taxpayer enrollment process through the EFTPS finaicial agent to validate the taxpayer=s identity and obtain the name control and zip code.

1.   Review the entity validation process.

        New enrollments needing IRS validation in order to obtain name control can be transmitted daily along with the payment files for previously validated taxpayers.

2.   Review of the bulk filer enrollment error codes (see the attached list).

EFTPS BULK FILERS ENROLLMENT ERROR CODES

Error Codes	Description	Comments
0005	TIN mismatched.	IRS Critical Error
0012	Taxpayer Type is blank or invalid.	EFTPS Critical Error
0013	Taxpayer Identification Number (TIN) is blank or invalid.	EFTPS Critical Error
0015	838's N902 Reference Number is blank or invalid.	EFTPS Critical Error
0016	Bulk Filer Identification Number (TIN) is invalid.	EFTPS Critical Error
0017	Bulk Filer Identification Number (TIN) is not active.	EFTPS Critical Error

C.   PAYMENTS

All credit card payments to IRS are initiated through the bulk filer bulk debit procedures.

1)   Transmission Schedules:

   a)   The deadline for processing debit payments is 7:00 p.m. ET on the calendar day prior to
          settlement day.
   b)   Settlement will occur on banking days only, Monday through Friday, excluding holidays.

2)   Rejects:

   a)   Discussion on reject criteria has not been finalized. Currently, we believe that three possible
          reasons are:
                   1) No name control
                   2) Dollar amount over $99,999,999.99 per transaction set (1,000 payments)
                   3) File format error
   b)   A listing of current bulk filer payment error codes is attached.

3)   Returns:

          The process for handling returns of debits will start with the Receiving Depository Financial
          Institution (RDFI) sending EFTPS a valid return reason code such as NSF or Uncollected
          Funds. Note: The RDFI must adhere to NACHA rules regarding returns. Next, EFTPS will
          send the bulk filer a transaction set 827 which contains return reason information. EFTPS
          must send this transaction set 827 within 24 hours of the return settling.

4)   Notifications of Change (NOC):

          The RDFI will originate the NOC if some type of bank information changes with the
          financial institution, the taxpayer, or the bulk filer. NACHA rules require that NOC=s are to
          be sent by the RDFI within four business days of the settlement date of the transaction.
          EFTPS will then send a transaction set 827 to the bulk filer notifying them of the change.
          The EDI format for NOC=s is still under development at this time.

5)   Duplicate File

A duplicate file is one in which the ISA & GS control numbers are not unique. If a duplicate file is received by the TFA (First Chicago/Mercantile Services) then the EDI translator will reject it and the bulk filer will receive a negative 997 functional acknowledgement.

However, if a file has unique ISA and GS control numbers, then the file will not be rejected and any previously processed payments will be processed again. Resolution will need to come from the IRS directly. EFTPS does not have the capability to inititate a reversal of debit payment transactions.

D.   TESTING PLAN

EDI Transmission Test

    Two Files
            Valid
            Invalid

Entity Validation Test

    Valid X12 Format/Enrollments
    Invalid X12 Format
            Syntax
            Duplicate Control Numbers
    Invalid Enrollments
    Volume - 50% of Expected Volume

Payments

    Valid X12 Format/Payments
    Invalid X12 Format
            Syntax
            Duplicate Control Numbers
    Invalid Debit
            Error Codes
    Volume - 50% of Expected High Volume Day

SAMPLE BULK FILER TEST CASES

FUNCTIONALITY	TEST SCENARIOS
File Transmission Testing	VALID: The bulk filer will send through 1 file with a valid sender listed on the ISA segment. (NOTE: This will be an enrollment file with 1 - 5 enrollments. This will only be used for EDI file transfer testing.)
	First Chicago/Mercantile Services L.L.C. will return a 997 Functional Acknowledgment to the bulk filer within 1 hour of receipt of the 838 file. First Chicago/Mercantile Services L.L.C. and the bulk filer will work together to confirm the results.
	INVALID: The bulk filer will send through 1 file with an invalid sender listed on the ISA segment. (NOTE: This will be an enrollment file with 1 - 5 enrollments. This will only be used for EDI file transfer testing.)
	First Chicago/Mercantile Services L.L.C. will return a 997 Functional Acknowledgment to the bulk filer within 1 hour of receipt of the 838 file. First Chicago/Mercantile Services L.L.C. and the bulk filer will work together to confirm the results.

"Valid" Enrollment X12 Format (Syntax)	The bulk filer will send a file to First Chicago/Mercantile Services L.L.C. This file will be used to verify that the format of the enrollment file mirrors the EFTPS EDI trading partner profile standards. First Chicago/Mercantile Services L.L.C. will check the following (but not limited to) on the 838 Enrollment and 997 Functional Acknowledgment Files:
	          Proper Enveloping:
	                    Content format of ISA and IEA Segments

FUNCTIONALITY	TEST SCENARIOS
	Content format of GS and GE Segments Content format of ST and SE Segments Bulk Filer TIN File Creation Date / Time Bulk Filer Name / Telephone Number Taxpayer Name / TIN Taxpayer Secondary Name Alternate Taxpayer TIN (Secondary) Taxpayer Address Information

"Invalid" Enrollment X12 Format (Syntax)	The bulk filer will send a second file to First Chicago/ Mercantile Services L.L.C. This file will have contain errors with the format of the file in order for First Chicago/Mercantile Services to send the bulk filer a REJECTED 997 Functional Acknowledgment. First Chicago/Mercantile Services L.L.C. will check the following (but not limited to) on the 838 Enrollment:
	      Improper Enveloping or X12 Format Errors:
	          Content format of ISA and IEA Segments
	          Content format of GS and GE Segments
	          Content format of ST and SE Segments

"Valid" Enrollment	The bulk filer will create an 838 enrollment file with 50 taxpayers. Place at least 5 enrollments containing primary/secondary names on the file.
	First Chicago/Mercantile Services L.L.C. will return a 997 Functional Acknowledgment to the bulk filer within 24 hours of receipt of the 838.
"Valid" Enrollment (continued)	First Chicago/Mercantile Services L.L.C. will return an 824 Application Advice to the bulk filer within 3 days of receipt of the 838.

FUNCTIONALITY	TEST SCENARIOS
	The bulk filer will return a 997 Functional Acknowledgment to First Chicago/Mercantile Services L.L.C. within 1 hour of receipt of the 824.

"Invalid" Enrollment	The bulk filer will create an "invalid" 838 enrollment file with 50 taxpayers. Please be sure to include the following invalid TINs:
	
	      Blank TIN (Element N101 should be left blank)
	         999999999
	         345A24436
	         410740000
	         002871404
	         346552320 (TIN that will reject)

	First Chicago/Mercantile Services L.L.C. will return a 997 Functional Acknowledgment to the bulk filer within 24 hours of receipt of the 838.
	First Chicago/Mercantile Services L.L.C. will return an 824 Application Advice to the bulk filer within 3 days of receipt of the Entity validation file.
	The bulk filer will return a 997 Functional Acknowledgment to First Chicago/Mercantile Services L.L.C. within 1 hour of the 824.
	On DAY 2 First Chicago/Mercantile Services L.L.C. will return an 824 (reject) Application Advice to the bulk filer. This 824 will be the rejection file containing all invalid TINs.
	The bulk filer will return a 997 Functional Acknowledgment to First Chicago/Mercantile Services L.L.C. within 1 hour of receipt of the 824.

FUNCTIONALITY	TEST SCENARIOS
Conditional Testing	
Enrollment Volume Testing	The bulk filer will send an enrollment file to First Chicago/Mercantile Services L.L.C. containing at least 50% of your largest enrollment file.
	First Chicago/Mercantile Services L.L.C. will return a 997 Functional Acknowledgment to the bulk filer within 24 hours of receipt of the 838.
	First Chicago/Mercantile Services L.L.C. will return an 824 Application Advice to the bulk filer within 3 days of receipt of the 838.
	The bulk filer will return a 997 Functional Acknowledgment to First Chicago/Mercantile Services L.L.C. within 1 hour of receipt of the 824.

"Valid" Bulk and Individual ACH Debit Format (Syntax)	The bulk filer will send 2 files to First Chicago/Mercantile Services L.L.C. This file will be used to verify that the format of the BULK and INDIVIDUAL ACH debit files mirror the EFTPS EDI trading partner profile standards. First Chicago/ Mercantile Services L.L.C. will check the following (but not limited to) on the 813 Tax Payment and 997 Functional Acknowledgment files:
	      Proper Enveloping:
	          Content format of ISA and IEA Segments
	          Content format of GS and GE Segments
	          Content format of ST and SE Segments
	      Reference Information
	      File Creation Date
	      Date Sent to First Chicago/Mercantile Services L.L.C.

FUNCTIONALITY	TEST SCENARIOS
	Dollar Amount Payment Method Payment / Account Information Settlement Date Tax Form Information Taxpayer TIN Tax Period Date
"Invalid" Bulk and Individual ACH Debit Format (Syntax)	The bulk filer will send 2 additional files to First Chicago/ Mercantile Services L.L.C. This file will contain errors with the format of the file in order for First Chicago/Mercantile Services to send the bulk filer a REJECTED 997 Functional Acknowledgment. First Chicago/Mercantile Services L.L.C. will check the following (but not limited to) on the 813 Enrollment: 　　　Proper Enveloping: 　　　　　Content format of ISA and IEA Segments 　　　　　Content format of GS and GE Segments 　　　　　Content format of ST and SE Segments 　　　Reference Information 　　　File Creation Date 　　　Date Sent to First Chicago/Mercantile Services L.L.C. 　　　Dollar Amount 　　　Payment Method 　　　Payment / Account Information 　　　Settlement Date 　　　Tax Form Information 　　　Taxpayer TIN 　　　Tax Period Date
"Valid" ACH Debits	The bulk filer will send a file of 50 payments. Be sure the transaction sets range from $.01 - $99,999.999.99 using

FUNCTIONALITY	TEST SCENARIOS
	various dollar amounts and cents. NOTE: If the bulk filer will be sending bulk and individual debits, then both must be tested. If not, then the file can be bulk or individual debit.
	First Chicago/Mercantile Services L.L.C. will return a 997 Functional Acknowledgment to the bulk filer within 1 hour of receipt of the 813 Tax Payment.
	First Chicago/Mercantile Services L.L.C. will return a 151 Electronic Filing of Tax Return Data Acknowledgment to the bulk filer within 3 hours of receipt of the 813 Tax Payment.
"Valid" ACH Debits (continued)	The bulk filer will send First Chicago/Mercantile Services L.L.C. a 997 Functional Acknowledgment within 1 hour of receipt of the 151.
"Invalid" ACH Debits	The bulk filer will send a file of 50 payments. Include the following TINs: 000000000 34533ABCD 410700000 345558219 (valid TIN but unenrolled) 452782525, tax type 941a (invalid tax type) 345251872 (this will be returned as NSF) 560127474 (this will be returned as NOC) Be sure the transaction sets range from $.01 - $99,999.999.99 using various dollar amounts and cents with one transaction set for $100,000,000.00.
	First Chicago/Mercantile Services L.L.C. will return a 997

FUNCTIONALITY	TEST SCENARIOS
	Functional Acknowledgment to the bulk filer within 1 hour of receipt of the 813 Tax Payment.
"Invalid" ACH Debits (continued)	First Chicago/Mercantile Services L.L.C. will return a 151 Electronic Filing of Tax Return Data Acknowledgment within 3 hours of receipt of the 813 Tax Payment. This file will include the invalid TINs and the valid TIN with the invalid tax type .
	The bulk filer will send First Chicago/Mercantile Services L.L.C. a 997 Functional Acknowledgment within 1 hour of receipt of the 151.
Payment Return - Part I	First Chicago/Mercantile Services L.L.C. will send the bulk filer an 827 Financial Return Notice for TIN 345251872 which was used in the "invalid" ACH debit test case. This will be returned as NSF. (The payment reversal will occur on DAY 2).
	The bulk filer will send a 997 Functional Acknowledgment to First Chicago/Mercantile Services L.L.C. within 1 hour of receipt of the 827.
Payment Return - Part II	First Chicago/Mercantile Services L.L.C. will send the bulk filer an 827 Financial Return Notice TIN 560127474 (will be returned as NOC) used in the prior test scenario. (The payment reversal will occur on DAY 2).
	The bulk filer will send a 997 Functional Acknowledgment to First Chicago/Mercantile Services L.L.C. within 1 hour of receipt of the 827.
Conditional Testing	

FUNCTIONALITY	TEST SCENARIOS
"Invalid" ACH Debits - Unbalanced File	The bulk filer will send 1 bulk ACH debit. The file should have at least 2 TFS segments that do not equal the total dollar amount in the BPR segment.
	First Chicago/Mercantile Services L.L.C. will return a 997 Functional Acknowledgment to the bulk filer within 1 hour of receipt of the 813.
	First Chicago/Mercantile Services L.L.C. will return a REJECTION 151 Electronic Filing of Tax Return Data Acknowledgment to the bulk filer within 3 hours of receipt of the 813.
	First Chicago/Mercantile Services L.L.C. will return a 997 Functional Acknowledgment to the bulk filer within 1 hour of receipt of the 813.
Conditional Testing ACH "Bulk" Debit Volume Testing	The bulk filer will send a debit file reflecting 50% of the expected high volume day. This file will run through as a normal ACH debit.
	First Chicago/Mercantile Services L.L.C. will return a 997 Functional Acknowledgment to the bulk filer within 1 hour of receipt of the 813.
	First Chicago/Mercantile Services L.L.C. will return a 151 Electronic Filing of Tax Return Data Acknowledgment within 3 hours of receipt of the 813.
	The bulk filer will send First Chicago/Mercantile Services L.L.C. a 997 Functional Acknowledgment within 1 hour of receipt of the 151.

FUNCTIONALITY	TEST SCENARIOS

Conditional Testing
 	
   "Bulk" Debit
   Transaction Set Limit
	The bulk filer will send First Chicago/Mercantile Services L.L.C. a bulk debit file with at least 1 transaction set with at least 1001 transactions

	First Chicago/Mercantile Services L.L.C. will return a 997 Functional Acknowledgment to the bulk filer within 1 hour of receipt of the 813.
	First Chicago/Mercantile Services L.L.C. will return a REJECTION 151 Electronic Filing of Tax Return Data Acknowledgment within 3 hours of receipt of the 813.
	The bulk filer will send First Chicago/Mercantile Services L.L.C. a 997 Functional Acknowledgment within 1 hour of receipt of the 151.
Conditional Testing File Limits	The bulk filer will send a debit file with 21 (813) transaction sets
	First Chicago/Mercantile Services L.L.C. will return a 997 Functional Acknowledgment to the bulk filer within 1 hour of receipt of the 813.
	First Chicago/Mercantile Services L.L.C. will return a REJECTION 151 Electronic Filing of Tax Return Data Acknowledgment within 3 hours of receipt of the 813.
	The bulk filer will send First Chicago/Mercantile Services L.L.C. a 997 Functional Acknowledgment within 1 hour of

FUNCTIONALITY	TEST SCENARIOS
	receipt of the 151.
Conditional Testing "Individual" Debit Transaction Set Limit	The bulk filer will send First Chicago/Mercantile Services L.L.C. an individual debit file with at least 20,001 transaction sets. Remember that each transaction set will contain only one TIN and tax type.
	First Chicago/Mercantile Services L.L.C. will return a 997 Functional Acknowledgment to the bulk filer within 1 hour of receipt of the 813.
	First Chicago/Mercantile Services L.L.C. will return a REJECTION 151 Electronic Filing of Tax Return Data Acknowledgment within 3 hours of receipt of the 813.
	The bulk filer will send First Chicago/Mercantile Services L.L.C. a 997 Functional Acknowledgment within 1 hour of receipt of the 151.
Conditional Testing Duplicate File	The bulk filer will send the debit file used in the Valid ACH debit scenario. Change ONLY the settlement date. Do not make any changes to the ISA or GS control numbers.
	The bulk filer will receive a NEGATIVE 997 Functional Acknowledgment from First Chicago/Mercantile Services L.L.C. within 1 hour of receipt of the 813.

<u>NOTES</u>

Please be sure that the ISA segment is marked for Test.

Some of the test conditions are being tested so that the bulk filer will recognize the conditions that the rejection acknowledgment file will be returned in "production".

3. TELECOMMUINCATIONS CONCERNS

A. ENCRYPTION

Encryption is required for all payment and enrollment transmissions.

Leased lines into EFTPS must be encrypted using Racal DC64ms hardware encryptors. This is because the leased line is connected to our router (secured by access lists) as opposed to our communication/security server. Currently, the cost of the encryption box located at the bulk filer site is the responsibility of the bulk filer. Racal encryptors have been priced in the past at $2,500.00 per encryptor. Two encryptors are recommended for production serving as primary and backup devices. Any Racal encryptors purchased outside of AT&T must be shipped to FCMS. Contact Albert Johnson for instructions (312-441-2880).

Initiation Function
Transmissions can be initiated either by the bulk filer or by FC/MS. Originator of files will initiate transmission. All test transmissions must occur Monday through Friday. If the Bulk Filer is unavailable FC/MS will automatically retry in 15 minutes. FC/MS will retry 4 times.

Communication Protocols Supported
>   TCP/IP
>   SLIP
>   ZMODEM
>   Asynchronous

IRS Required Encryption Device	**Possible Line Types**
IRE	Dedicated 64k
Racal DC64ms	Analog Dial-up
	Switch 56K
	ISDN

Modem types and Line Speeds

Paradyne 3811 asynchronous modems or Hayes compatible.
Minimum baud rate at 14.4 or greater.

Telecommunications Set-Up

Vendor Name   _____

Initiation Function   _____

Communication Protocols   _____
Line Type   _____

FC/MS:
IP Address   195.1.14.22 (St. Louis Primary Site)
       195.2.14.22 (Chicago Backup Site)
Router Protocol HDLC____

Router IP Address   195.1.14.204 (ST. Louis Primary Site)
       195.2.14.204 (Chicago Backup Site)

Credit Card Bulk Filer:
IP Address   _____

Router Protocol _____

Router IP Address   _____

Line Speed   _____
Number of Locations   _____

Debit Payments
       Transmission Frequency Daily_____
       Transmission Volume
           Wednesday   _____

Friday   _____

15th of Month   _____

Quarter End   _____

Transmission Times   _____

Entity Validation Files (Only for Processors who are contacted directly by the taxpayer)

Conversion Volume   _____

Transmission Frequency _____

Transmission Volume   _____

Transmission Times   _____

Disaster Recovery

First Chicago/Mercantile Services, LLC
FC/MS maintains a hot backup site for all operations in case of a hardware/software failure. Every effort will be made to ensure all tax payments are received on a timely basis. Processing windows may be modified to ensure timely posting of all tax payments.

Telecommunication Failure
If the St. Louis primary telecommunications hardware fails (modems, Switched Digital lines) the Bulk filer will be notified and required to dial in to our hot back site in Chicago. FC/MS will declare a disaster if the system is down more than 2 hours on a peak period or 4 hours on a non-peak period.

Note: Peak Period is defined as follows
C   Daily 6:00am-8:00am, 4:00pm-6:30pm and 10:00pm -1:30am
C   Working day prior to the 1st and 15th of every month (24 hours)
C   All Tuesdays

Data Center Failure
If the St. Louis primary data center fails, the Bulk filer will be notified and required to dial in to our hot backup site in Chicago. FC/MS will declare a disaster if the system is down more than 2 hours on a peak period or 4 hours on a non-peak period.

Operations Center Failure
A failure at our primary operations center will cause all incoming customer service calls to be automatically rerouted to our backup site after 24 hours.

Encryption
Back up encryption devices will be on site in the case of a hardware failure.

Bulk Filer Disaster Recovery Plan

C   High level description of Disaster Recovery Plan as it impacts EFTPS

C   Do you have a back-up modem at primary site?

C   Is there a back-up site (Hot back-up or Cold start)?

C   How long is the outage before moving to back-up site?

C   How will FC/MS be notified to dial the back-up site or back-up modem?

C   Who is the primary contact ?

C   Back-up Site

C   Where is the back-up site located (city, state)?

C   What is the hardware/telecom setup (Is this different from the primary site)?

C   If hot back-up, are the modems always active?

C   What are the back-up phone numbers?

C   Disaster Recovery Testing

C   When can we schedule initial test?

C   Is periodic testing at the back-up site required? How often?

Electronic Federal Tax Payment System
Bulk Filer Agreement

In accordance with the specifications and requirements of the Department of the Treasury Financial Management Service-Internal Revenue Service Implementation Guide for EFTPS Bulk Filers (the "Implementation Guide") dated January 8, 1996, as it may be amended from time to time, the undersigned _____ ("Bulk Filer") hereby acknowledges to and agrees with First Chicago/Mercantile Services, which is acting as Treasury Financial Agent

("FCMS"), as follows:

(1) Every taxpayer for whom the Credit Card Bulk Filer will be submitting Electronic Federal Tax Payment Systems payments will have certified that the credit card processor is authorized to process the payment and to exchange information with the IRS necessary to process the payment.

(2) Encryption. All transmissions of enrollment and payment data will be required to be encrypted in a manner to be specified and approved by FNBC. Until such approved encryption is in place, the transmission of EFTPS enrollment data to FNBC will be retrieved electronically by FNBC, not sent by the Bulk Filer, at a time or times to be specified by FNBC. The Bulk Filer is responsible for obtaining for its computer, encryption hardware that is compatible with FNBC's encryption system and for the costs of obtaining, maintaining and upgrading any such hardware.

(3) Implementation Guide. Treasury Financial Agent and the Bulk filer each agrees to comply with the provisions of the Implementation guide and applicable IRS regulations. Future changes arising from changes to the Internal Revenue Code and Internal Revenue Service Regulations will be incorporated into this agreement as appropriate.

_____
Name of Bulk Filer

By:_____
Name:_____
Title:_____

ACCEPTED AS OF __(date)____,

FIRST CHICAGO/MERCANTILE SERVICES,
As Treasury Financial Agent

By:_____
Name:_____
Title:_____

4.   EDI Record Formats

A.   General

Important notes regarding the following material...

!   Chapters 3 and 4 are extracted from the Implementation Guide for EFTPS Bulk Filers and edited for credit card processors. Material from the remaining Chapters of the Guide, if applicable to credit card processing, is included in earlier portions of this document.

!   All Electronic Data Interchange transaction set layouts in Chapters 3 and 4 are in ANSI X12 version 003050. Version 004010 is currently being developed and may be available prior to January 2000.

B. Chapter 3. Taxpayer Enrollment

Overview

This chapter describes the modified enrollment process for taxpayers submitting electronic Federal tax payments through a credit card processor. File layouts for taxpayer enrollment are shown in **Attachments 3A-3C** at the end of the chapter.

Taxpayer Enrollment Process

The modified enrollment process is intended to validate the social security number for taxpayers who contact the credit card company directly to initiate a payment. This process is not required for taxpayers whose entity has been validated by the electronic filing system.

Step Î

        C   The taxpayer authorizes the credit card processor/bulk filer to process the payment and to exchange information with the IRS necessary to process the payment.

Step Ï

        C   The credit card processor/bulk filer transmits a modified enrollment file to the Treasury Financial Agent.

File **C** **Attachment 3A** shows the file layout for this enrollment file. The
Layout format is ANSI X12 EDI transaction set 838 ATrading Partner Profile.@

        C   Within one hour after receipt of enrollment file, the TFA will send the bulk filer an acknowledgment.

        C   Each 838 transaction set is limited to a maximum of 1,000 enrollments.

File **Attachment 3B** shows the file layout for the acknowledgment file.
Layout The format for the acknowledgment is ANSI X12 EDI transaction set 997.

Step Ð

C The Treasury Financial Agent exchanges an entity file with the IRS. The entity file will include only the critical fields of data collected from the bulk filer, including the taxpayer=s SSN.

Step Ñ

C Within 24 hours after the TFA receives the entity validation file from the IRS, the TFA notifies the bulk filer about acceptance or rejection of taxpayer enrollment. The acceptance file will contain the name control and ZIP code of approved taxpayer SSN=s. Rejected enrollments will include a reason code.

File **C** **Attachment 3C** is the file layout for this enrollment status file. The *Layout* format is ANSI X12 EDI transaction set 824 AApplication Advice.@

C Upon receipt of this file, the bulk filer will return a 997 transaction set (see **Attachment 3B)** to the TFA.

DRAFT

TRANSACTION SET 838

TRADING PARTNER PROFILE

VERSION 003050

SEND FROM BULK FILERS

REQUEST FOR ENROLLMENT

ATTACHMENT 3A

Attachment 3A

TRANSACTION SET 838
TRADING PARTNER PROFILE
VERSION 003050

REQUEST FOR ENROLLMENT SENT FROM BULK FILERS

TABLE 3A-1

SEG. ID	NAME	REQ. DES.	MAX. USE	LOOP REPEAT
ST	Transaction Set Header	M	1	
BTP	Beginning Segment for Trading Partner Profile	M	1	
PER	Administrative Communications Contact	O	1	
	LOOP ID - LX			>1
LX	Assigned Number	O	1	
	LOOP ID - N1			>1
N1	Name	O	1	
N9	Reference Number	O	>1	
SE	Transaction Set Trailer	M	1	

EFTPS will limit use of the L X loop to 1,000.
One N1 loop is used for each enrollment.

The N3 and N4 segments are not used for credit card processing.
Only one N9 segment will be used

Attachment 3A (Cont.)

838 - TRADING PARTNER PROFILE
VERSION 003050

ST SEGMENT
TRANSACTION SET HEADER

TABLE 3A-2

Element	REF. Number	Name	Req. Desig.	Elem. Type	Elem. Length	Comments
ST01	143	Transaction Set Identifier Code	MIZ	D	3/3	"838"
ST02	329	Transaction Set Control Number	M	AN	4/9	

ST02 is a control number that must be unique within the functional group.
    It is assigned by the originator of the transaction.

Example:
    ST~838~45678\

Attachment 3A (Cont.)

838 - TRADING PARTNER PROFILE
VERSION 003050

BTP SEGMENT
BEGINNING SEGMENT FOR TRADING PARTNER PROFILE

TABLE 3A-3

Element	REF Number	Name	Req. Desig	Elem Type	Elem Length	Comments
BTP01	353	Transaction Set Purpose Code	MIZ	ID	2/2	35" Request Authority
BTP02	127	Reference Number	MIZ	AN	1/30	(Bulk Filer's TIN)
BTP03	373	Date	MIZ	DT	6/6	(YYMMDD)
BTP04	337	Time	M	TM	4/8	(HHMM)
BTP05	640	Transaction Type Code	M	ID	2/2	S4" Submission
BTP06	353	Transaction Set Purpose Code	OIZ	ID	2/2	00" (Original)
BTP07	127	Reference Number	XIZ	AN	1/30	CREDIT CARD"
BTP08	373	Date	XIZ	DT	6/6	Not Used
BTP09	337	Time	O	TM	4/8	Not Used
BTP10	591	Payment Method Code	O	ID	3/3	Not Used

BTP02 will contain the TIN of the Bulk Filer.
BTP03 will be the file creation date.
BTP04 will be the file creation Time (time expressed as 24 hour clock).

Example:
    TIN of Bulk Filer = 878793456   File Creation Date = April 10, 1999
    File Creation Time = 8:10 am

    BTP~35~878793456~990410~0810~S4~00~CREDIT CARD\

Attachment 3A (Cont.)

838 - TRADING PARTNER PROFILE
VERSION 003050

PER SEGMENT
ADMINISTRATIVE COMMUNICATIONS CONTACT

TABLE 3A-4

Element	REF. Number	Name	Req. Desig.	Elem. Type	Elem. Length	Comments
PER01	366	Contact Function Code	M	ID	2/2	AA" Authorized Representative
PER02	93	Name	O	AN	1/35	
PER03	365	Communication Number Qualifier	X	ID	2/2	"TE"
PER04	364	Communication Number	X	AN	1/80	

PER02 will contain the Name of the Bulk Filer.
PER04 will contain the Telephone number for the Bulk Filer.
Example:

      Bulk Filer = We Pay Your Taxes
      Telephone Number = (313)889-1234
      PER~AA~We Pay Your Taxes~TE~3138891234\

Attachment 3A (Cont.)

838 - TRADING PARTNER PROFILE
VERSION 003050

LOOP ID - LX
LX SEGMENT
ASSIGNED NUMBER

TABLE 3A-5

Element	REF Number	Name	Req. Desig.	Elem Type	Elem.Length	Comments
LX01	554	Assigned Number	M	NO	1/6	

Use one LX Loop for each Taxpayer to be enrolled.
LX01 is a unique number per transaction set control number and is assigned by the Bulk Filer. It will ID each tax enrollment.

The number in the LX01 will be send back in the 824 to notify you of acceptance or rejection of enrollment.

Maximum use of the LX loop for EFTPS is 1,000.
Start another 838 for additional enrollment requests.

Example:
      LX~456789\

Attachment 3A (Cont.)

838 - TRADING PARTNER PROFILE
VERSION 003050

LOOP ID - N1
N1 SEGMENT
NAME

TABLE 3A-6

Element	REF. Number	Name	Req. Desig	Elem. Type	Elem.Length	Comments
N101	98	Entity Identifier Code	M	ID	2/2	TP" Primary Taxpayer
N102	93	Name	X	AN	1/35	Space
N103	66	Identification Code	X	ID	1/2	34" Social Security Number
N104	67	Identification Code	X	ID	2/20	SSN
N105	706	Entity Relationship Code	O	ID	2/2	Not Used
N106	98	Entity Identifier Code	O	ID	2/2	Not Used

Use one N1 Loop for each Qualifer you would like to use in the N101

Example:

      Enrollment for credit card SSN validation

            SSN = 178989292
            N1~TP~ ~34~178989292\

Attachment 3A (Cont.)

838 - TRADING PARTNER PROFILE
VERSION 003050

LOOP ID - N1
N9 SEGMENT
REFERENCE NUMBER

TABLE 3A-7

Element	REF. Number	Name	Req. Desig	Elem. Type	Elem. Length	Comments
N901	128	Reference Number Qualifier	M	ID	2/2	VU" Preparer's Verification Number
N902	127	Reference Number	X	AN	1/30	"8655"
N903	369	Free-Form Description	X	AN	1/45	Not Used
N904	373	Date	O	DT	6/6	Not Used
N905	337	Time	X	TM	4/8	Not Used
N906	623	Time Code	OIZ	ID	2/2	Not Used

This record confirms that the taxpayer has authorized the credit card processor/bulk filer to process the payment and to exchange information with the IRS necessary to process the payment.

Example:

      N9~VU~8655\

Attachment 3A (Cont.)

838 - TRADING PARTNER PROFILE
VERSION 003050

SE SEGMENT
TRANSACTION SET TRAILER

TABLE 3A-8

Element	REF. Number	Name	Req. Desig.	Elem. Type	Elem. Length	Comments
SE01	96	Number of Segments Included	M	NO	1/10	
SE02	329	Transaction Set Control Number	M	AN	4/9	

Example:

      SE~8~45678\

      Note: SE02 must be the same as the ST02.

DRAFT

TRANSACTION SET 997

FUNCTIONAL ACKNOWLEDGMENT

VERSION 003050

ATTACHMENT 3B

Attachment 3B

<div align="center">

997
FUNCTIONAL ACKNOWLEDGMENT
VERSION 003050

</div>

TABLE 3B-1

SEG. ID	NAME	REQ. DES	MAX. USE	LOOP REPEAT	
ST	Transaction Set Header	M	1		
AK1	Functional Group Response Header	M	1		
	LOOP - ID AK2			999999	
AK2	Transaction Set Response Header	O	1		
AK5	Transaction Set Response Trailer	M	1		
AK9	Functional Group Response Trailer	M	1		
SE	Transaction Set Trailer	M	1		

ATTACHMENT 3B (Cont)

997- FUNCTIONAL ACKNOWLEDGEMENT
VERSION 003050

ST SEGMENT
TRANSACTION SET HEADER

TABLE 3B-2

Element	REF Number	Name	Req. Desig.	Elem.Type	Elem. Length	Comments
ST01	143	Transaction Set Identifier Code	MIZ	ID	3/3	"997"
ST02	329	Transaction Set Control Number	M	AN	4/9	

ST02 is a control number that must be unique within the functional group.
    It is assigned by the originator of the transaction.

Example:
    ST~997~56766\

ATTACHMENT 3B (Cont.)

<div align="center">

997 - FUNCTIONAL ACKNOWLEDGEMENT
VERSION 003050

AK1 SEGMENT
FUNCTIONAL GROUP RESPONSE HEADER

</div>

TABLE 3B-3

Element	REF. Num.	Name	Req. Desig	Elem Type	Elem. Length	Comments
AK101	479	Functional Identifier Code	MIZ	ID	2/2	"AG" Application Advice (824) "FR" Financial Reporting (827) "TA" Elec. Filing of Tax Return Data Ack. (151) "TD" Trading Partner Profile (838) "TF" Elec. Filing of Tax Return Data (813) "TI" Tax Information Reporting (826)
AK102	28	Group Control Number	MIZ	N0	1/9	

AK101 is the functional ID found in the GS segment (GS01) in the functional group being acknowledged.

AK102 is the functional group control number found in the GS segment in the functional group being acknowledged.

Example:
     AK1~TF~34566969\

Attachment 3B (Cont.)

997 - FUNCTIONAL ACKNOWLEDGEMENT
VERSION 003050

LOOP ID - AK2
AK2 SEGMENT
TRANSACTION SET RESPONSE HEADER

TABLE 3B-4

Element	REF. Number	Name	Req. Desig.	Elem. Type	Elem. Length	Comments
AK201	143	Trans. Set Identifier Code	MIZ	ID	3/3	"824" Application Advice "827" Financial Reporting "151" Elec. Filing of Tax Return Data Ack. "838" Trading Partner Profile "813" Elec. Filing of Tax Return Data "826" Tax Information Reporting
AK202	329	Trans. Set Control Number	MIZ	AN	4/9	

Example:
    AK2~813~757575\

Attachment 3B (Cont.)

997 - FUNCTIONAL ACKNOWLEDGEMENT
VERSION 003050

LOOP ID - AK2
AK5 SEGMENT
TRANSACTION SET RESPONSE TRAILER

TABLE 3B-5

Element	REF. Number	Name	Req. Desig	Elem. Type	Elem. Length	Comments
AK501	717	Transaction Set Ackn. Code	M	ID	1/1	A" Accepted R" Rejected
AK502	718	Transaction Set Syntax Error Cd	O	ID	1/3	Not Used
AK503	718	Transaction Set Syntax Error Cd	O	ID	1/3	Not Used
AK504	718	Transaction Set Syntax Error Cd	O	ID	1/3	Not Used
AK505	718	Transaction Set Syntax Error Cd	O	ID	1/3	Not Used
AK506	718	Transaction Set Syntax Error Cd	O	ID	1/3	Not Used

Example:

    AK5~A\

Attachment 3B (Cont.)

997 - FUNCTIONAL ACKNOWLEDGEMENT
VERSION 003050

AK9 SEGMENT
FUNCTIONAL GROUP RESPONSE TRAILER

TABLE 3B-6

Element	REF. Number	Name	Req. Desig.	Elem. Type	Elem. Length	Comments
AK901	715	Functional Group Acknow Code	M	ID	1/1	A" Accepted R" Rejected
AK902	97	Number of Trans. Sets Included	M	N0	1/6	
AK903	123	Number of Trans. Sets Received	M	N0	1/6	
AK904	2	Number of Accepted Tran Sets	M	N0	1/6	
AK906	716	Functional Group Syntax Error	O	ID	1/3	Not Used
AK907	716	Functional Group Syntax Error	O	ID	1/3	Not Used
AK908	716	Functional Group Syntax Error	O	ID	1/3	Not Used
AK909	716	Functional Group Syntax Error	O	ID	1/3	Not Used

Example:
    AK9~A~1~1~1\

Attachment 3B (Cont.)

997 - FUNCTIONAL ACKNOWLEDGEMENT
VERSION 003050

SE SEGMENT
TRANSACTION SET TRAILER

TABLE 3B-7

Element	REF. Number	Name	Req. Desig	Elem. Type	Elem. Length	Comments
SE01	96	Number of Included Segments	M	No	1/10	
SE02	329	Transaction Set Control Number	M	AN	4/9	

Example:

    SE~5~56766\

DRAFT

TRANSACTION SET 824

APPLICATION ADVICE

VERSION 003050

SEND FROM FA

CONFIRM/REJECT ENROLLMENT REQUEST

Attachment 3C

824
APPLICATION ADVICE
VERSION 003050

TABLE 3C-1

SEG. ID	NAME	REQ. DES.	MAX. USE	LOOP REPEAT
ST	Transaction Set Header	M	1	
BGN	Beginning Segment	M	1	

TABLE 3C-2

SEG. ID	NAME	REQ. DES	MAX. USE	LOOP REPEAT	
	LOOP ID - OTI			>1	
OTI	Original Transaction Identification	O	1		
REF	Reference Numbers	O	12		
SE	Transaction Set Trailer	M	1		

Attachment 3C (Cont.)

824 APPLICATION ADVICE
VERSION 003050

ST
TRANSACTION SET HEADER

TABLE 3C-3

Element	REF. Number	Name	Req.Desig.	Elem. Type	Elem. Length	Comments
ST01	143	Transaction Set Identifier Code	MIZ	ID	3/3	"824"
ST02	329	Transaction Set Control Number	M	AN	4/9	

ST02 is a control number that must be unique within the functional group.
It is assigned by the originator of the transaction.

Example:
ST~824~56456\

Attachment 3C (Cont.)

824 APPLICATION ADVICE
VERSION 003050

BGN
BEGINNING SEGMENT

TABLE 3C-4

Element	REF. Num.	Name	Req. Desig	Elem. Type	Elem.Length	Comments
BGN01	353	Transaction Set Purpose Code	M	ID	2/2	"00" Original
BGN02	127	Reference Number	MIZ	AN	1/30	Assigned by transaction originator
BGN03	373	Date	MIZ	DT	6/6	YYMMDD Transaction Set Date
BGN04	337	Time	XIZ	TM	4/8	Not Used
BGN05	623	Time Code	OIZ	ID	2/2	Not Used
BGN06	127	Reference Number	OIZ	AN	1/30	Control Number from 838's ST02
BGN07	640	Transaction Type Code	O	ID	2/2	Not Used
BGN08	306	Action Code	O	ID	1/2	"CF" Confirm "U" Reject

BGN02 is the transaction set reference number (assigned by originator).

BGN06 is the transaction set reference number of a previously sent transaction affected by the current transaction.

If BGN08 is "CF", the transaction will confirm that all enrollments within the control number were accepted.

IF BGN08 is "U", the transaction will confirm that some or all enrollments were rejected for the indicated control number. The OTI segment will provide details.

Example:
       Reference Number for Enrollment Confirmation = 567898, Date = November 15, 1999
       Original Control Number = 45678 (ST02 Control Number from Request for enrollment)

All Accepted: BGN~00~567898~991115~~~45678~~CF\
Some enrollments rejected: BGN~00~567898~991115~~~45678~~U\

Attachment 3C (Cont.)

824 APPLICATION ADVICE
VERSION 003050

LOOP ID - OTI
OTI SEGMENT
ORIGINAL TRANSACTION IDENTIFICATION

TABLE 3C-5

Element	REF. Num.	Name	Req. Desig	Elem Type	Elem.Length	Comments
OTI01	110	Application Acknow. Code	M	ID	1/2	"IA" Item Accept "IR" Item Reject
OTI02	128	Reference Number Qualifier	M	ID	2/2	"2I" Tracking Number
OTI03	127	Reference Number	M	AN	1/30	1 to 6 Digit Number from LX01 in 838
OTI04	142	Application Sender's Code	O	AN	2/15	Not Used
OTI05	124	Application Receiver's Code	O	AN	2/15	Not Used
OTI06	373	Date	OIZ	DT	6/6	Not Used
OTI07	337	Time	OIZ	TM	4/8	Not Used
OTI08	28	Group Control Number	X	N0	1/9	Not Used
OTI09	329	Transaction Set Control Number	O	AN	4/9	Not Used
OTI10	143	Transaction Set Identifier Code	O	ID	3/3	Not Used
OTI11	480	Version/Release/Industry	OIZ	AN	1/12	Not Used

OTI03 will contain the reference number from the original transaction which was the LX01.

Examples:

      Enrollment Reference Number = 353535

      Transaction Set Accepted: OTI01~IA~2I~353535\
      One Transaction Accepted, One Rejected: OTI01~IR~2I~353535\

Attachment 3C (Cont.)

824 APPLICATION ADVICE
VERSION 003050

LOOP ID - OTI
REF SEGMENT
REFERENCE NUMBERS

TABLE 3C-6

Element	REF. Num.	Name	Req. Desig	Elem Type	Elem. Length	Comments
REF01	128	Reference Number Qualifier	M	ID	2/2	"1Q" Error Identification Code "BB" Authorization Number
REF02	127	Reference Number	X	AN	1/30	Name Control for valid TIN≈s; Error Code for invalid TIN≈s
REF03	352	Description	X	AN	1/80	ZIP Code

Examples:

Enrollment Rejection Reason Code = 0005

REF~1Q~0005\

Acceptance - Name Control ABCD, ZIP Code 01234

REF~BB~ABCD~01234\

Attachment 3C (Cont.)

<div align="center">

824 APPLICATION ADVICE
VERSION 003050

SE SEGMENT
TRANSACTION SET TRAILER

</div>

TABLE 3C-7

Element	REF. Number	Name	Req. Desig.	Elem. Type	Elem. Length	Comments
SE01	96	Number of Included Segments	M	No	1/10	
SE02	329	Transaction Set Control Number	M	AN	4/9	

Example:
  Control Number = 56456
  Number of Segments = 12

  SE~ 12~56456\

C. Chapter 4. ACH Bulk Debits
(One Debit Posted to Bulk Filer's Account)

Overview
This chapter describes the process for submitting Federal tax payments through one debit to the bulk filer's account. File layouts for ACH Bulk Debits are provided in **Attachments 4A-B** at the end of the chapter.

ACH Bulk Debit Process
The graphic on page 4-4 depicts the process for submitting tax payments using the ACH Bulk Debit method.

Step Î

	C	Taxpayers initiate their credit card payment through the electronic filing system or by contacting the credit card processor directly.
	C	As part of the credit card approval process, the taxpayer must certify that the credit card processor is authorized to process the payment and to exchange information with the IRS necessary to process the payment.

Step Ï

	C	The credit card processor/bulk filer completes a transmission to the TFA with payment detail. To settle on the next banking date, the file must be transmitted by 7:00 P.M.	
File Layout	C	**Attachment 4A** shows the file layout for this payment file. The	format is ANSI X12 transaction set 813.
	C	For each 813 transaction set, one bulk debit will be originated.	
	C	Each 813 transaction set is limited to a maximum of 1000 transactions. There is a limit of 50 (fifty) 813 transaction sets to a file, for a maximum of	

50,000 transactions per file.

Step Ð

File Layout   C   Within one hour of receipt of the payment file, the TFA will send the bulk filer an acknowledgement file. Attachment 3B (see Chapter 3) shows the file layout for this acknowledgment file. The file format is ANSI X12 transaction set 997.

        C   Upon receipt of the payment file, the TFA will begin the validation and editing process. The first level of validation is on a file level:

           <   Validate that the detail totals to the header record. If the totals do not equal the TFA rejects the file.

        C   The second level of validation is at the transaction set level:

           <   Validate for the dollar limit of $99,999,999.99 per 813 transaction set. If the dollar amount is greater than $99,999,999.99, the TFA rejects the transaction set.

           <   Validate that the tax type for the payment is a valid IRS tax type. The tax type codes for credit card payments are listed in the Notes for Table 4A-10. If the tax type is invalid, the file will be rejected and the bulk filer will be asked to correct and resubmit.

        C   Within three hours of receipt of the payment file, the TFA will send the bulk filer a confirmation file that provides the detail and status of each payment record.

File Layout   Attachment 4B shows the file layout for the confirmation file. The file format is ANSI X12 transaction set 151.

File Layout   C   Upon receipt of this file, the bulk filer will return a 997 transaction set (see Attachment 3B, Chapter 3) to the TFA.

Step Ñ

        C   The TFA initiates an ACH debit to the bulk filer=s account at the bulk filer=s

| | financial institution for each 813 transaction set. |
| Step Ò | |

        C   The Fed/ACH deposits the bulk payment into the Treasury account.

| Step Ó | |

        C   The TFA passes the payment detail to the IRS.

DRAFT

TRANSACTION SET 813

ELECTRONIC FILING OF TAX RETURN DATA

VERSION 003050

SEND FROM BULK FILERS

TAX PAYMENT

Attachment 4A

<div align="center">

813
ELECTRONIC FILING OF TAX RETURN DATA
VERSION 3050

</div>

TABLE 4A-1

SEG. ID	NAME	REQ. DES.	MAX. USE	LOOP REPEAT
ST	Transaction Set Header	M	1	
BTI	Beginning Tax Return	M	1	
DTM	Date/Time Reference	M	10	
TIA	Tax Information	M	1000	
REF	Reference Numbers	O	>1	
BPR	Beginning Segment for Payment Order/Remittance Adv	O	1000	

TABLE 4A-2

SEG. ID	NAME	REQ. DES.	MAX. USE	LOOP REPEAT		
	LOOP ID - TFS			100000		
TFS	Tax Form	O	1			
REF	Reference Numbers	O	10			
DTM	Date/Time Reference	O	10			
	LOOP ID - FGS			100000		
FGS	Form Group	O	1			
	LOOP ID - TIA			10000		
TIA	Tax Information and Amount	O	1			

Attachment 4A (Cont.)

TABLE 4A-3

SEG. ID	NAME	REQ. DES.	MAX. USE	LOOP REPEAT
SE	Transaction Set Trailer	M	1	

NOTES:

Only one iteration of each of the segments in Table 4A-1 is expected for normal payments.

EFTPS limits the use of the TFS Loop to 1000.

The REF and DTM segments in the TFS loop are limited to one iteration.

Attachment 4A (Cont.)

VERSION 003050
813 - ELECTRONIC FILING OF TAX RETURN DATA
ST SEGMENT
TRANSACTION SET HEADER

TABLE 4A-4

Element	Ref. Num.	Name	Req. Design.	Elem Type	Elem. Length	Comments
ST01	143	Transaction Set Identifier Code	MIZ	IID	3/3	"813"
ST02	329	Transaction Set Control Number	M	AN	4/9	

ST02 is a control number that must be unique within the functional group.
    It is assigned by the originator of the transaction.

Example:
    ST~813~323232\

Attachment 4A (Cont.)
813 - ELECTRONIC FILING OF TAX RETURN DATA
VERSION 003050
BTI SEGMENT
BEGINNING TAX SEGMENT

TABLE 4A-5

Element	Ref.Num.	Name	Req. Design.	Elem Type	Elem. Length	Comments
BTI01	128	Reference Number Qualifier	MIZ	ID	2/2	"T6" Tax Filing
BTI02	127	Reference Number	M	AN	1/30	"EFTPS"
BTI03	66	Identification Code Qualifier	MIZ	ID	2/2	"47" Tax Authority Identification
BTI04	67	Identification Code	M	AN	2/20	"IRS"
BTI05	373	Date	OIZ	DT	6/6	
BTI06	818	Name Control Identifier	O	AN	4/4	Not Used
BTI07	66	Identification Code Qualifier	MIZ	ID	1/2	"48" Electronic Filer Identification Number (EFIN)
BTI08	67	Identification Code	X	AN	2/20	Bulk Filer's TIN
BTI09	66	Identification Code Qualifier	XIZ	ID	1/2	"ZZ"
BTI10	67	Identification Code	X	AN	2/20	"CREDIT CARD"
BTI11	66	Identification Code Qualifier	X	ID	1/2	Not Used
BTI12	67	Identification Code	X	AN	2/20	Not Used

       BTI01 & BTI02 define the tax exchange program or tax filing.
       BTI03 & BTI04 define the tax authority
       BTI05 is the creation date noted as YYMMDD.

Example: Bulk Filer TIN = 179528976, File Creation Date = April 10 1999

     BTI~T6~EFTPS~47~IRS~990410~~48~179528976~ZZ~CREDIT CARD\
Attachment 4A (Cont.)

**813 - ELECTRONIC FILING OF TAX RETURN DATA
VERSION 003050**

**DTM SEGMENT
DATE/TIME REFERENCE**

TABLE 4A-6

Element	Ref. Num.	Name	Req. Design.	Elem. Type	Elem. Length	Comments
DTM01	374	Date/Time Qualifier	M	ID	3/3	"009" Process Date
DTM02	373	Date	X	DT	6/6	

DTM02 should reflect the date the file is sent (YYMMDD).

Example:

DTM~009~990411\

Attachment 4A (Cont.)

813 - ELECTRONIC FILING OF TAX RETURN DATA
VERSION 003050

TIA SEGMENT
TAX INFORMATION AND AMOUNT

TABLE 4A-7

Element	Ref. Num.	Name	Req. Design	Elem Type	Elem. Length	Comments
TIA01	817	Tax Information Identification Number	M	AN	1/30	"EFTPS"
TIA02	782	Monetary Amount	X	R	1/15	(Element length limit is 10)
TIA03	449	Fixed Format Information	XIZ	AN	1/80	Not Used
TIA04	380	Quantity	X	R	1/15	Not Used
TIA05	355	Unit or Basis for Measurement Code	X	ID	2/2	Not Used
TIA06	954	Percent	X	R	1/10	Not Used
TIA07	782	Monetary Amount	XIZ	R	1/15	Not Used

The amount in the TIA02 is limited to 10 digits, including cents due to ACH constraints.
Limit is $99,999,999.99

Example:
Total Value of tax transactions within this 813 = $900.00

TIA~EFTPS~90000\

Attachment 4A (Cont.)

813 - ELECTRONIC FILING OF TAX RETURN DATA
VERSION 003050

REF SEGMENT
REFERENCE NUMBERS

TABLE 4A-8

Element	Ref. Num.	Name	Req.D esign.	Elem Type	Elem. Length	Comments
REF01	128	Reference Number Qualifier	M	ID	2/2	"VU" Preparer's Verification Number
REF02	127	Reference Number	X	AN	1/30	"8655" (REF01 of VU)

An REF segment with an REF01 of "VU" and an REF02 of "8655" is required for each 813.

The "VU" is a confirmation that the taxpayer has authorized the payment and has authorized disclosure to the credit card vendor/bulk filer of tax information needed to process the payment

Example:

       REF~VU~8655\

Attachment 4A (Cont.)
813 - ELECTRONIC FILING OF TAX RETURN DATA
VERSION 003050

BPR SEGMENT
BEGINNING SEGMENT FOR PAYMENT ORDER/REMITTANCE ADVICE

TABLE 4A-9

Element	Ref. Num	Name	Req. Design	Elem Type	Elem. Length	Comments
BPR01	305	Transaction Handling Code	M	ID	1/2	"Z" Bulk Debit
BPR02	782	Monetary Amount	MIZ	R	1/15	(Element length limit is 10)
BPR03	478	Credit/Debit Flag	M	ID	1/1	"D" Debit
BPR04	591	Paymant Method Code	M	ID	3/3	"ACH" Automated Clearing House
BPR05	812	Payment Format Code	O	ID	1/10	Not Used
BPR06	506	(DFI) ID Number Qualifier	XIZ	ID	2/2	Not Used
BPR07	507	(DFI) Identification Number	X	AN	3/12	Not Used
BPR08	569	Account Number Qualifier	OIZ	ID	1/3	Not Used
BPR09	508	Account Number	X	AN	1/35	Not Used
BPR10	509	Originating Company Identifier	O	AN	10/10	Not Used
BPR11	510	Originating Co. Supplemental Code	O	AN	9/9	Not Used
BPR12	506	(DFI) ID Number Qualifier	XIZ	ID	2/2	"01" ABA Transit Routing # with Check Digits(9)
BPR13	507	(DFI) Identification Number	X	AN	3/12	(9 digit RTN Number)
BPR14	569	Account Number Qualifier	OIZ	ID	1/3	"03" Checking Account "SG" Savings

BPR15	508	Account Number	XIZ	AN	1/35	(Account Number)
BPR16	373	Date	OIZ	DT	6/6	Settlement Date(YYMMDD)
BPR17	1048	Business Function Code	OIZ	ID	1/3	Not Used
BPR18	506	(DFI) ID Number Qualifier	XIZ	ID	2/2	Not Used
BPR19	507	(DFI) Identification Number	X	AN	3/12	Not Used
BPR20	569	Account Number Qualifier	OIZ	ID	1/3	Not Used
BPR21	508	Account Number	XIZ	AN	1/35	Not Used

TABLE 4A-9 NOTES:

BPR02 can not be more than 10 positions including cents due to ACH constraints.
All amounts must be dollars and cents.

Example: Total payment = $9000.00
1.   For Debit Payments:
          RTN = 987654789   Checking Account Number = 8989898989
          Expected Settlement Date (Date of funds transfer to Treasury) = April 10, 1999

          BPR~C~900000~D~ACH~~~~~~~~01~987654789~03~8989898989~990410\

Attachment 4A (Cont.)

813 - ELECTRONIC FILING OF TAX RETURN DATA
VERSION 003050

LOOP ID - TFS
TFS SEGMENT
TAX FORM

TABLE 4A-10

Element	Ref. Num.	Name	Req. Design.	Elem Type	Elem. Length	Comments
TFS01	128	Reference Number Qualifier	M	ID	2/2	"T6" Tax Filing
TFS02	127	Reference Number	M	AN	1/30	5 Digit Tax Type Code (see note)
TFS03	128	Reference Number Qualifier	X	ID	2/2	"T9"
TFS04	127	Reference Number	X	AN	1/30	Bulk Filer Reference Number
TFS05	66	Identification Code Qualifier	X	ID	2/2	"34" Social Security Number (Taxpayer TIN)
TFS06	67	Identification Code	X	AN	2/20	9 Digit SSN
TFS07	373	Date	O	DT	6/6	Tax Period End Date
TFS08	818	Name Control Identifier	O	AN	4/4	IRS Name Control

Notes for TABLE 4A-10:

Tax Type Code is 10401 for payment of amount due on a current Form 1040 (series) tax return
        10402 for payment for an extension, Form 4868
        10406 for payment of estimated tax, Form 1040ES
        10400 for payment with an amended return, Form 1040X
        10407 for payment due for an individual taxpayer in response to an IRS balance due notice,   or pa
   (Some of these tax types may not be allowed for credit card payments in 2000)

Bulk filer reference number is DCN assigned by electronic filing or authorization number given to taxpayer by credit card company

Tax Period Ending Date is in YYMMDD format.
Date is 991231 for payments for current year returns or extensions processed in 2000, or 4th quarter Form 104ES   due January 1:
For estimated tax Form 1040ES, date is 001231 for payments due on April 17, June 15, and September 15, 2000.

Name control is received from financial agent in Transaction Set 824, element REF02,   or validated by electronic
filing. Do not enter name control unless SSN has been validated by IRS.

Use of the TFS Loop is limited to 1,000.
For additional tax transactions, use another 813.

Examples: Tax Form = 1040A, SSN = 787878787, Name Control = ABCD, DCN = 00123456123019, Authorization Number B2012001

Direct call from taxpayer: TFS~T6~10401~T9~B2012001~34~787878787~991231~ABCD\
Payment initiated through e-file: TFS~T6~10401~T9~00123456123019~34~787878787~991231~ABCD\

Attachment 4A (Cont.)

813 - ELECTRONIC FILING OF TAX RETURN DATA
VERSION 003050

LOOP ID - TFS
REF SEGMENT
REFERENCE NUMBERS

TABLE 4A-11

Element	Ref. Num.	Name	Req. Design.	Elem. Type	Elem. Length	Comments
REF01	128	Reference Number Qualifier	M	ID	2/2	"F8" Original Reference Number
REF02	127	Reference Number	M	AN	1/30	
REF03	352	Description	X	AN	1/80	ZIP Code

REF02 is an 8 digit number assigned by the sender of the transmission.
The REF02 is a unique number for each TFS Loop.
This number will be communicated back to the sender in the 151, along with the payment acknowledgment number for each tax transaction.

Ref 03 is the 5-digit ZIP code of the taxpayer, obtained in the following priority:
       1 - Input by the taxpayer during credit card validation or electronic filing
       2 - Obtained from IRS during E-file validation
       3 - Obtained from EFTPS during TIN validation
Example:
       REF~F8~98765432~01234\

Attachment 4A (Cont.)

813 - ELECTRONIC FILING OF TAX RETURN DATA
VERSION 003050

LOOP ID - TFS
DTM SEGMENT
DATE/TIME REFERENCE

TABLE 4A-12

Element	Ref. Num.	Name	Req. Design.	Elem. Type	Elem Length	Comments
DTM01	374	Date/Time Qualifier	M	ID	3/3	"009" Process Date
DTM02	373	Date	X	DT	6/6	Credit Card Authorization Date

Example:

    Authorization Date: March 15, 2000

    DTM~009~000315\

Attachment 4A (Cont.)

813 - ELECTRONIC FILING OF TAX RETURN DATA
VERSION 003050

LOOP ID - FGS
FGS SEGMENT
FORM GROUP

TABLE 4A-13

Element	Ref. Num.	Name	Req. Design.	Elem. Type	Elem.Length	Comments
FGS01	350	Assigned Identification	M	AN	1/11	Number assigned by sender

Example:

      FGS~1\

Attachment 4A (Cont.)

813 - ELECTRONIC FILING OF TAX RETURN DATA
VERSION 003050

LOOP ID - TIA
TIA SEGMENT
TAX INFORMATION AND AMOUNT

TABLE 4A-14

Element	Ref. Num.	Name	Req. Design	Elem Type	Elem. Length	Comments
TIA01	817	Tax Information Identification Number	M	AN	1/30	Tax Type Code
TIA02	782	Monetary Amount	X	R	1/15	Element length limit is 10
TIA03	449	Fixed Format Information	XIZ	AN	1/80	Not Used
TIA04	380	Quantity	X	R	1/15	Not Used
TIA05	355	Unit or Basis for Measurement Code	X	ID	2/2	Not Used
TIA06	954	Percent	X	R	1/10	Not Used
TIA07	782	Monetary Amount	XIZ	R	1/15	Not Used

TIA04 can not exceed 10 positions, including cents due to ACH constraints.

One TIA loop is required for each taxpayer payment.
Example:
      Reporting on a Form 1040 payment for an amount of $250.00 due with return.
      TIA~10401~25000\

Attachment 4A (Cont.)

813 - ELECTRONIC FILING OF TAX RETURN DATA
VERSION 003050

SE SEGMENT
TRANSACTION SET TRAILER

TABLE 4A-15

Element	Ref. Num.	Name	Req. Design.	Elem. Type	Elem. Length	Comments
SE01	96	Number of Included Segments	M	NO	1/10	
SE02	329	Transaction Set Control Number	M	AN	4/9	

Example:
    SE~233~323232\

DRAFT

TRANSACTION SET 151

ELECTRONIC FILING OF TAX RETURN DATA ACKNOWLEDGMENT

VERSION 003050

SEND TO BULK FILERS

CONFIRM/REJECT TAX PAYMENT

_____

Attachment 4B-1

151
ELECTRONIC FILING OF TAX RETURN DATA ACKNOWLEDGMENT
VERSION 003050

TABLE 4B-1

SEG. ID	NAME	REQ. DES.	MAX. USE	LOOP REPEAT
ST	Transaction Set Header	M	1	
BTA	Beginning Tax Acknowledgment	M	1	
BTI	Beginning Tax Information	M	1	

TABLE 4B-2

SEG. ID	NAME	REQ. DES.	MAX. USE	LOOP REPEAT	
	LOOP ID - TFS			100000	
TFS	Tax Form	O	1		

TABLE 4B-3

SEG. ID	NAME	REQ. DES.	MAX. USE	LOOP REPEAT
SE	Transaction Set Trailer	M	1	

Please note:
EFTPS will allow a maximum loop repeat of 1000 for the TFS Loop versus the standard of 100,000.
All other segments used as noted on tables.

Attachment 4B (Cont.)

151 - ELECTRONIC FILING OF TAX RETURN DATA ACKNOWLEDGMENT
VERSION 003050

ST SEGMENT
TRANSACTION SET HEADER

TABLE 4B-4

Element	REF. Number	Name	Req. Desig	Elem. Type	Elem. Length	Comments
ST01	143	Transaction Set Identifier Code	MIZ	D	3/3	"151"
ST02	329	Transaction Set Control Number	M	AN	4/9	

ST02 is a control number that must be unique within the functional group.
     It is assigned by the originator of the transaction.

Example:
     ST~151~765468\

Attachment 4B (Cont.)

151 - ELECTRONIC FILING OF TAX RETURN DATA ACKNOWLEDGMENT
VERSION 003050

BTA SEGMENT
BEGINNING TAX ACKNOWLEDGMENT

TABLE 4B-5

Element	REF. Number	Name	Req. Desig	Elem Type	Elem Length	Comments
BTA01	587	Acknowledgment Type	M	ID	2/2	"AD" Acknowledge - With Detail, No Change "AC"Acknowledge- With Detail and Change "AH" Acknowledge - Hold Status "RD" Reject with Detail "RJ" Rejected - No Detail
BTA02	373	Date	O	DT	6/6	Acknowledgment Date YYMMDD
BTA03	522	Amount Qualifier	X	ID	1/2	"AB" Adjusted Collected Balance
BTA04	782	Monetary Amount	X	R	1/15	Element limit length of 10

BTA01: AD - used to acknowledge 813 as processed. Will receive one EFT Number per Tax Transaction

AC - used to ID that the 813 was accepted but one or more transactions were rejected.

Will see EFT number or error number for each tax transaction.

AH - used to acknowledge 813 was accepted for same day payment. Will give 5 digit Reference Number

RD - used to identify rejection of single debit transactions.

RJ - used to identify that the entire 813 was rejected.

BTA03 is "AB" when the Debit processed is different from the original 813 debit amount.

The BTA04 contains the amount reflecting accepted tax transactions.

BTA03 & BTA04 are not used when the debit is processed per the original 813.

Examples:

All tax transactions processed as received: BTA~AD~951125\

Some Tax transactions rejected, Debit adjusted accordingly: BTA~AC~951125~AB~45000\

Entire 813 rejected   BTA~RJ~951125\

Attachment 4B (Cont.)
151 - ELECTRONIC FILING OF TAX RETURN DATA ACKNOWLEDGMENT
VERSION 003050

BTI SEGMENT
BEGINNING TAX INFORMATION

TABLE 4B-6

Element	REF Num	Req.Name	Elem. Desig.	Elem Type	Length	Comments
BTI01	128	Reference Number Qualifier	MIZ	ID	2/2	"BT" Batch Number
BTI02	127	Reference Number	M	AN	1/30	Original Transaction Control Number (ST02)
BTI03	66	Identification Code Qualifier	MIZ	ID	1/2	"SV" Service Provider Number
BTI04	67	Identification Code	M	AN	2/20	Bulk Filer TIN
BTI05	373	Date	OIZ	DT	6/6	Not Used
BTI06	818	Name Control Identifier	O	AN	4/4	Not Used
BTI07	66	Identification Code Qualifier	XIZ	ID	1/2	"93" Code Assigned by Originator of Transaction
BTI08	67	Identification Code	X	AN	2/20	Confirmation Number
BTI09	66	Identification Code Qualifier	XIZ	ID	1/2	Not Used
BTI10	67	Identification Code	X	AN	2/20	Not Used
BTI11	66	Identification Code Qualifier	X	ID	1/2	Not Used
BTI12	67	Identification Code	X	AN	2/20	Not Used

BTI04 will contain the TIN number of the Bulk Filer.
BTI08 will contain the 15 digit EFT number.

Example: Control Number from 813 = 323232, Bulk Filers TIN = 178787867
Confirmation Number for Debit = 485954349484944

BTI~BT~323232~SV~178787867~~~93~485954349484944\

Attachment 4B (Cont.)

151 - ELECTRONIC FILING OF TAX RETURN DATA ACKNOWLEDGMENT
VERSION 003050

LOOP ID - TFS
TFS SEGMENT
TAX FORM

TABLE 4B-7

Element	REF. Number	Name	Req. Desig.	Elem Type	Elem. Length	Comments
TFS01	128	Reference Number Qualifier	M	ID	2/2	"F8" Original Reference Number
TFS02	127	Reference Number	M	AN	1/30	(REF02 FROM TFS LOOP)
TFS03	128	Reference Number Qualifier	X	ID	2/2	"93" Funds Authorization "1Q" Error Identification Code
TFS04	127	Reference Number	X	AN	1/30	Acknowledgment EFT Number Error Code
TFS05	66	Identification Code Qualifer	X	ID	1/2	"ZZ"
TFS06	67	Identification Code	X	AN	2/20	Bulk Filer Reference Number
TFS07	373	Date	O	DT	6/6	Not Used
TFS08	818	Name Control Identfiier	O	AN	4/4	Not Used

Notes for TABLE 4B-7

This segment is used provide the acknowledgment EFT number for each payment record
        or error code for rejected record
The Bulk Filer Reference Number is returned from 813 element TFS04
Payment Error Codes are listed in a separate attachment

Examples:

1.   Accept and Process Debit as Transmitted - Payment Initiated through *e-file*
        Reference Number   Amount   Acknowledgment Number   Document Control Number
        55566644   100.00   168910588123456   00123456123019
        55566645   300.00   168910588123457   00123456123020

                TFS~F8~55566644~93~168910588123456~ZZ~00123456123019\
                TFS~F8~55566645~93~168910588123457~ZZ~00123456123020\

2.   Accept and process debit as transmitted - Taxpayer Calls Credit Card Processor
        Reference Number   Amount   Acknowledgment Number   Authorization Number
        55566644   200.00   168910599123456   12345678
        55566645   400.00   168910599123457   12345679

                TFS~F8~55566644~93~168910599123456~ZZ~12345678\
                TFS~F8~55566645~93~168910599123457~ZZ~12345679\

        Note: Qualifier 1Q (Error) is not expected to be used for credit card bulk filer payments.

Attachment 4B (Cont.)

151 - ELECTRONIC FILING OF TAX RETURN DATA ACKNOWLEDGMENT
VERSION 003050

SE SEGMENT
TRANSACTION SET TRAILER

TABLE 4B-8

Element	REF. Number	Name	Req. Desig.	Elem. Type	Elem. Length	Comments
SE01	96	Number of Segments Included	M	NO	1/10	
SE02	329	Transaction Set Control Number	M	AN	4/9	

Example:

ST~23~765468\

Payment by Credit Card and Debit Card

ACTION: Temporary regulations.
SUMMARY: This document contains temporary regulations that authorize the Secretary of Treasury to accept payment of internal revenue taxes by credit card or debit card. The temporary regulations reflect changes to the law made by the Taxpayer Relief Act of 1997, and will affect all persons who pay their tax liabilities by credit card or debit card pursuant to guidance prescribed by the Secretary. The text of the temporary regulations also serves as the text of the proposed regulations set forth in the Proposed Rules section of this issue of the Federal Register.
DATES: These temporary regulations are effective from January 1, 1999, to [INSERT DATE WHICH IS THREE YEARS AFTER DATE OF FILING OF THIS DOCUMENT WITH THE FEDERAL REGISTER].
FOR FURTHER INFORMATION CONTACT: Concerning the regulations, Mitchel S. Hyman, (202) 622-3620 (not a toll-free number).
SUPPLEMENTARY INFORMATION:
Background
This document contains temporary regulations amending the Procedure and Administration Regulations (26 CFR part 301) under sections 6103 and 6311 of the Internal Revenue Code. The regulations reflect the amendment of sections 6103 and 6311 by section 1205 of the Taxpayer Relief Act of 1997 (Pub. L. No. 105-34, 111 Stat. 788, 995) and section 4003(k) of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (Pub. L. No. 105-277, 112 Stat. 2681).
As amended by the 1997 Act, section 6311(a) provides that it shall be lawful for the Secretary to receive payment for internal revenue taxes by any commercially acceptable means that the Secretary deems appropriate to the extent and under the conditions provided in regulations prescribed by the Secretary. The legislative history accompanying the Act explains that commercially acceptable means includes "electronic funds transfers, including those arising from credit cards, debit cards, and charge cards." H. Conf. Rep. 220, 105th Cong., 1st Sess. 652 (1997). The current regulations under Treas. Reg. §301.6311-1 permit payment of taxes by checks, drafts drawn on financial institutions, or money orders. The temporary regulations add payments by credit cards (which includes charge cards) and debit cards to the acceptable methods of payment under section 6311.
Methods of payment by electronic funds transfer other than by credit card or debit card are currently authorized by section 6302 of the Internal Revenue Code and its implementing regulations. For example, Treas. Reg. § 1.6302-4 permits individuals to voluntarily remit payments of income taxes by electronic funds transfer. Thus, the temporary regulations only address payments by credit card and debit card. Section 6302 and its regulations will remain the authority for forms of payment by electronic funds transfer other than payments by credit card and debit card.
Section 6103(a) of the Code prohibits disclosure of returns and return information except as expressly provided in the Code. Section 1205(c)(1) of the 1997 Act (as amended by section 6012(b)(2) of the Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. No. 105-206) added section 6103(k)(9) to the Code. Section 6103(k)(9) authorizes the IRS to disclose returns and return

information to financial institutions and others to the extent
necessary for the administration of section 6311. Section 6103(k)(9)
further provides that disclosures of information for purposes other
than to accept payments by check or money order (for example, by
credit card, or debit card) shall be made only to the extent
authorized by written procedures promulgated by the Secretary.
Section 6311(e) provides that no person shall use or disclose any
information obtained pursuant to section 6103(k)(9) related to
credit card or debit card transactions except to the extent
authorized by written procedures promulgated by the Secretary.
Any person who uses or discloses information in violation of section
6311(e) is subject to civil liability for damages. See I.R.C. §
7431(h), added by section 1205(c)(2) of the 1997 Act (as amended by
Pub. L. No. 105-206, § 6012(b)(3)).
Explanation of Provisions
The temporary regulations provide that internal revenue taxes may be
paid by credit card or debit card. Payment of taxes by credit card
or debit card is voluntary on the part of the taxpayer. However,
only credit cards or debit cards approved by the Secretary may be
used for this purpose, only the types of tax liabilities specified
by the Secretary may be paid by credit card or debit card, and all
such payments must be made in the manner and in accordance with the
forms, instructions, and procedures prescribed by the Secretary.
Thus, payments by credit card or debit card may be limited to
certain designated cards, to payments made through certain service
providers, or to payments of specific types of taxes. It is
anticipated that the Secretary will be entering into contracts with
specific card issuers or other persons such as third parties who
will process the credit and debit card transactions, to facilitate
payments by credit cards and debit cards, subject to the requirement
that the Secretary may not pay any fee or provide any other monetary
consideration under such contracts.
Under the temporary regulations, if the Secretary receives the funds
after the due date for payment, a payment by credit card or debit
card will be deemed to be timely if the credit card or debit card
transaction is authorized by the card issuer by the due date for the
payment of taxes, provided the payment is actually received by the
Secretary in the ordinary course of business and is not returned due
to correction of errors relating to the credit card or debit card
account.
The temporary regulations provide, as required by section
6311(d)(3), that payments of taxes by credit card or debit card are
subject to the error resolution procedures of section 161 of the
Truth in Lending Act, 15 U.S.C. § 1666, section 908 of the
Electronic Fund Transfer Act, 15 U.S.C. 1693f, or any similar
provisions of state law, only for the purpose of resolving errors
relating to the credit card or debit card account, but not for the
purpose of resolving any errors, disputes, or adjustments relating
to the underlying tax liability. These provisions ensure that any
disputes concerning the merits of the tax liability will be resolved
in the traditional administrative and judicial forums (e.g., filing
a petition in Tax Court, paying the disputed tax and filing a claim
for refund), and will not be raised in any dispute with the card
issuer, financial institution, or other person participating in the
credit card or debit card transaction.
As authorized by section 6311(d)(3)(E), the temporary regulations
permit the Secretary to return funds erroneously received due to

errors relating to the credit card or debit card account, by arranging for a credit to the taxpayer's account with the issuer of the credit card or debit card or other appropriate financial institution or person. Returns of funds through credit card or debit card credits, however, are only available to correct errors relating to the credit card and debit card account, and not to refund overpayments of taxes.

The temporary regulations also provide that the Internal Revenue Service may not impose any fee or charge on persons making payment of taxes by credit card or debit card. The regulations provide that the imposition of fees or charges by issuers of credit cards or debit cards or by any other financial institution or person participating in the credit card or debit card transaction are neither authorized nor prohibited, and that the Internal Revenue Service may not receive any part of any such fees that may be charged and may not pay any such fees or charges.

The temporary regulations also provide the procedures required under sections 6103(k)(9) and 6311(e) with respect to use and disclosure of information relating to payment of taxes by credit card and debit card. IRS personnel are authorized to disclose to card issuers, financial institutions, and other persons information necessary to process the tax payment or necessary to the billing and collection of the amount charged or debited (for example, to resolve billing errors). Pursuant to section 6311(e), information received by any person in connection with payment of tax by credit card or debit card shall be treated as confidential by all persons who receive such information, whether such information is received from the Secretary or from any other person including the taxpayer.

The temporary regulations set forth the limited purposes and activities for which such information may be used or disclosed by card issuers, financial institutions, and other persons. The permitted purposes and activities principally involve credit card and debit card processing, billing, collection, account servicing, account transfers, internal business records, legal compliance, and legal proceedings. The temporary regulations expressly prohibit selling the information, sharing it with credit bureaus, or using it for marketing tax-related products or for any marketing that targets those who have used a credit card or debit card to pay taxes.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It also has been determined that these regulations must be effective by January 1, 1999, to permit taxpayers the opportunity to pay taxes by credit card for the 1999 filing season, and, therefore, it has been determined that sections 553(b) and (d) of the Administrative Procedure Act (5 U.S.C. chapter 5) do not apply to these regulations. It has also been determined that because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, this temporary regulation will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of these regulations is Mitchel S. Hyman of the Office of Assistant Chief Counsel (General Litigation) CC:EL:GL,

IRS. However, other personnel from the IRS and Treasury Department participated in their development.

List of Subjects in 26 CFR Part 301

Employment taxes, Estate taxes, Excise taxes, Gift taxes, Income taxes, Penalties, Reporting and recordkeeping requirements.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 301 is amended as follows:

PART 301--PROCEDURE AND ADMINISTRATION

Paragraph 1. The authority citation for part 301 continues to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 2. Section 301.6103(k)(9)-1T is added to read as follows:

§301.6103(k)(9)-1T Disclosure of returns and return information relating to payment of tax by credit card and debit card (temporary).

Officers and employees of the Internal Revenue Service may disclose to card issuers, financial institutions or other persons such return information as the Secretary deems necessary in connection with processing credit card and debit card transactions to effectuate payment of tax as authorized by §301.6311-2T. Officers and employees of the Service may disclose such return information to such persons as the Secretary deems necessary in connection with billing or collection of the amounts charged or debited, including resolution of errors relating to the credit card or debit card account as described in §301.6311-2T(d).

Par. 3. Section 301.6311-2T is added to read as follows:

§301.6311-2T Payment by credit card and debit card (temporary).

(a) Authority to receive--(1) Payments by credit card and debit card. Internal revenue taxes may be paid by credit card or debit card as authorized by this section. Payment of taxes by credit card or debit card is voluntary on the part of the taxpayer. However, only credit cards or debit cards approved by the Secretary may be used for this purpose, only the types of tax liabilities specified by the Secretary may be paid by credit card or debit card, and all such payments must be made in the manner and in accordance with the forms, instructions and procedures prescribed by the Secretary. All references in this section to "tax" also include interest, penalties and additions to tax.

(2) Payments by electronic funds transfer other than payments by credit card and debit card. Provisions relating to payments by electronic funds transfer other than payments by credit card and debit card are contained in section 6302 and the Treasury Regulations promulgated pursuant to section 6302.

(3) Definitions--(i) Credit card means any credit card as defined in section 103(k) of the Truth in Lending Act, 15 U.S.C. § 1602(k), including any credit card, charge card or other credit device issued for the purpose of obtaining money, property, labor or services on credit.

(ii) Debit card means any accepted card or other means of access as defined in section 903(1) of the Electronic Funds Transfer Act, 15 U.S.C. § 1693a(1), including any debit card or similar device or means of access to an account issued for the purpose of initiating electronic fund transfers to obtain money, property, labor or services.

(b) When payment is deemed made. A payment of tax by credit card or debit card shall be deemed made when the issuer of the credit card or debit card properly authorizes the transaction, provided the

payment is actually received by the Secretary in the ordinary course of business and is not returned pursuant to paragraph (d)(3) of this section.

(c) Payment not made--(1) Continuing liability of taxpayer. A taxpayer who tenders payment of taxes by credit card or debit card is not relieved of liability for such taxes until the payment is actually received by the Secretary and is not required to be returned pursuant to paragraph (d)(3) of this section. This continuing liability of the taxpayer is in addition to, and not in lieu of, any liability of the issuer of the credit card or debit card or financial institution pursuant to paragraph (c)(2) of this section.

(2) Liability of financial institutions. If a taxpayer has tendered a payment of internal revenue taxes by credit card or debit card, and the credit card or debit card transaction has been guaranteed expressly by a financial institution, and the United States is not duly paid, the United States shall have a lien for the guaranteed amount of the transaction upon all the assets of the institution making such guarantee. The unpaid amount shall be paid out of such assets in preference to any other claims whatsoever against such guaranteeing institution, except the necessary costs and expenses of administration and the reimbursement of the United States for the amount expended in the redemption of the circulating notes of such institution.

(d) Resolution of errors relating to the credit card or debit card account--(1) In general. Payments of taxes by credit card or debit card shall be subject to the applicable error resolution procedures of section 161 of the Truth in Lending Act, 15 U.S.C. § 1666, or section 908 of the Electronic Fund Transfer Act, 15 U.S.C. § 1693f, or any similar provisions of state law, for the purpose of resolving errors relating to the credit card or debit card account, but not for the purpose of resolving any errors, disputes or adjustments relating to the underlying tax liability.

(2) Matters covered by error resolution procedures. The error resolution procedures of paragraph (d)(1) of this section apply to the following types of errors:

(i) An incorrect amount posted to the taxpayer's account as a result of a computational error, numerical transposition, or similar mistake.

(ii) An amount posted to the wrong taxpayer's account.

(iii) A transaction posted to the taxpayer's account without the taxpayer's authorization. (iv) Similar types of errors that would be subject to resolution under these procedures in ordinary commercial transactions. An error described in (i) through (iv) above may only be resolved through the procedures referred to in paragraph (d)(1) of this section and cannot be a basis for any claim or defense in any administrative or court proceeding involving the Secretary.

(3) Return of funds pursuant to error resolution procedures. Notwithstanding section 6402 of the Internal Revenue Code, if a taxpayer is entitled to a return of funds pursuant to the error resolution procedures of paragraph (d)(1) of this section, the Secretary may effect such return by arranging for a credit to the taxpayer's account with the issuer of the credit card or debit card or any other financial institution or person that participated in the transaction in which the error occurred.

(4) Matters not subject to error resolution procedures. The error resolution procedures of paragraph (d)(1) of this section do not

apply to any error, question or dispute concerning the amount of tax owed by any person, for any year. For example, these error resolution procedures do not apply to determine a taxpayer's entitlement to a refund of tax for any year for any reason, nor may they be used to pay a refund. All such matters shall be resolved through administrative and judicial procedures established pursuant to the Internal Revenue Code and the rules and regulations thereunder.

(5) Payments of taxes by credit card or debit card are not subject to section 170 of the Truth in Lending Act, 15 U.S.C. § 1666i, or to any similar provision of State law.

(e) Fees or charges. The Internal Revenue Service may not impose any fee or charge on persons making payment of taxes by credit card or debit card. These regulations neither authorize nor prohibit the imposition of fees or charges by issuers of credit cards or debit cards or by any other financial institution or person participating in the credit card or debit card transaction. The Internal Revenue Service may not receive any part of any such fees that may be charged and may not pay any such fees or charges.

(f) Authority to enter into contracts. The Secretary may enter into contracts related to receiving payments of tax by credit card or debit card if such contracts are cost beneficial to the Government. The determination of whether the contract is cost beneficial shall be based on an analysis appropriate for the contract at issue and at a level of detail appropriate to the size of the Government's investment or interest. The Secretary may not pay any fee or provide any other monetary consideration under such contracts for such payments.

(g) Use and disclosure of information relating to payment of taxes by credit card and debit card. Information obtained by any person other than the taxpayer in connection with payment of taxes by a credit card or debit card shall be treated as confidential, whether such information is received from the Secretary or from any other person (including the taxpayer). No person other than the taxpayer shall use or disclose such information except as follows:

(1) Card issuers, financial institutions, or other persons participating in the credit card or debit card transaction may use or disclose such information for the purpose and in direct furtherance of servicing cardholder accounts, including the resolution of errors in accordance with paragraph (d) of this section. This authority includes the following:

(i) Processing of the credit card or debit card transaction, in all of its stages through and including the crediting of the amount charged on account of tax to the United States Treasury.

(ii) Billing the taxpayer for the amount charged or debited with respect to payment of the tax liability.

(iii) Collection of the amount charged or debited with respect to payment of the tax liability.

(iv) Returning funds to the taxpayer in accordance with paragraph (d)(3) of this section.

(2) Card issuers, financial institutions or other persons participating in the credit card or debit card transaction may use and disclose such information for the purpose and in direct furtherance of any of the following activities:

(i) Assessment of statistical risk and profitability.

(ii) Transfer of receivables or accounts or any interest therein.

(iii) Audit of account information.

(iv) Compliance with Federal, State, or local law.
(v) Cooperation in properly authorized civil, criminal, or regulatory investigations by Federal, State, or local authorities.
(3) Notwithstanding the foregoing, use or disclosure of information relating to credit card and debit card transactions for purposes related to any of the following is not authorized:
(i) Sale or exchange of such information separate from the underlying receivable or account.
(ii) Marketing of tax-related products or services.
(iii) Marketing of any product or service that targets those who have used a credit card or debit card to pay taxes. (iv) Furnishing such information to any credit reporting agency or credit bureau, except with respect to the aggregate amount of a cardholder's account, with the amount attributable to payment of taxes not separately identified.
(4) Use and disclosure of information other than as authorized by this paragraph may result in civil liability under section 7431(h) of the Internal Revenue Code.
(h) Effective date. This section applies to payments of taxes made on and after January 1, 1999, and through [INSERT DATE WHICH IS THREE YEARS AFTER DATE OF FILING OF THIS DOCUMENT WITH THE FEDERAL REGISTER].

Friday, 18-Dec-1998 01:14:33 EST

Past Performance Information Form (Attachment 4)

A. Offeror's Name: _____

B. Client Company Name: _____

C. Title of Contract or Agreement and Identification Number, if any:

_____

D. Client Project Manager or Contracting Representative Name and E-mail Address, if available:

_____

E. Client Project Manager or Contracting Representative Telephone and Fax Number:

_____

F. Period of Performance: _____

G. Description of Service(s) or Product(s):

H. Number of Subcontractors, if any: _____

I. Compensation Type (client fixed price or cost reimbursement, user fee, or other):

_____

J. Total Amount of Compensation: _____

The Offeror may attach documentation of any relevant quality awards or customer recognitions within the last three years which indicate a high-quality process for developing and producing the product or service required. Indicate whether a specific unit or the entire company received the award or recognition and when the award or recognition was bestowed. Offerors may also attach an additional page to this form if more space is needed to address the items above.

Past Performance Questionnaire (Attachment 5)

    A. Offeror's Name:

    _____

    B. Client Company Name:

    _____

    C. Questionnaire Respondent Name:

    _____

    D. Questionnaire Respondent Title:

    _____

Question 1: How would you rate the Contractor's fulfillment
of the terms of the contract or agreement?

Question 2: How would you rate the Contractor's completion
of scheduled tasks (e.g., timeliness)?

Question 3: How would you rate the Contractor's technical
support (e.g., easily accessible) when you had questions or
concerns?

Question 4: How would you rate the Contractor's staff
technical abilities?

Question 5: How would you rate the Contractor in terms of
providing sufficient staff resources to support your overall
needs?

Question 6: Would you recommend the Contractor for   [   ] Yes
another government or private sector contract?   [   ] No

Date: _____